



Meeting Location: **Dept. of Commerce, Columbia River Room, Bldg 5, 1st Floor, 1011 Plum ST SE, Olympia, WA 98504**

Agenda Item	Action	Page	Time
A) <u>ADMINISTRATION</u>			
1. Call to Order: <i>Stan Finkelstein</i>			9:00
2. Welcome and Introductions			9:02
3. Approve Agenda: <i>Cecilia Gardener</i>	Action	1	9:05
4. Meeting Minutes for June 10, 2016: <i>Barbara Smith</i>	Action	5	9:10
5. Executive Director Update: <i>Cecilia Gardener</i>	Verbal		9:15
6. Department of Commerce Update: <i>Mark Barkley</i>	Verbal		9:20
B) <u>CONTRACTING</u>			
1. PWTF Time Extension Request – Clark County: <i>Jacquie Andresen</i>	Action	23	9:25
2. DWSRF Time Extension Requests – Covington Water District and Thurston County PUD #1: <i>Jill Nordstrom</i>	Action	25	9:35
C) <u>POLICY & PROGRAM DEVELOPMENT</u>			
1. PWTF 2.0 Presentation: <i>Carl Schroeder, AWC</i>	Action	29	9:40
BREAK			10:10
2. DWSRF Transition Committee: <i>Cecilia Gardener</i>	<i>Informational</i>	36	10:25
3. Governor's Directive on Lead: <i>Cecilia Gardener</i>	<i>Informational</i>	51	10:40
4. Infrastructure in Support of Affordable Housing: <i>Cecilia Gardener</i>	Action	65	10:55
LUNCH			11:30
D) <u>BUDGET DEVELOPMENT</u>			
1. PWB Budget Development: <i>Cecilia Gardener</i>	Action	73	12:00
2. PWB Construction Loan Application Update: <i>Ann Campbell</i>	<i>Informational</i>	87	12:40
E) <u>INFORMATION & OTHER ITEMS</u>			
1. July 1, 2016, PWB Newsletter	<i>Informational</i>	91	12:50
2. Board Committee Updates	Verbal		12:55
3. Board Member Updates	Verbal		1:00

Note: Anticipated time of Adjournment is 1:15 pm

NEXT BUSINESS MEETING SCHEDULED: August 12, 2016, at the Department of Commerce, Olympia, WA.

Department of Commerce, 1011 Plum Street SE, Olympia, WA 98504-2525.
Contact the Public Works Board at (360) 725-2744 for further information.

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PLEASE NOTE:

This meeting is accessible via conference call. The Call-in information is:

Call-in toll-free number (US/Canada): 1-877-668-4490

Attendee access code: 250 245 14 #

TAB A

Administration



PUBLIC WORKS BOARD BUSINESS MEETING MINUTES

June 10, 2016

Department of Commerce, 1011 Plum Street SE, Olympia, WA 98504

Board Members		Guests Present:	Staff Present:
Present:	Absent:		
Stan Finkelstein, Chair	Jerry Cummins	Blair Burroughs, Washington Association of Sewer & Water Districts via phone	Cecilia Gardener, Executive Director
JC Baldwin, Vice Chair	Lisa Wellman		Mark Barkley
Lisa Ayers		John Kounts, Washington Public Utility Districts Association	Carrie Calleja
Pam Carter			Ann Campbell
Mary Margaret Haugen		Steve Lindstrom, Sno-King Water Sewer Districts Coalition	Cindy Chavez
Scott Hutsell			Isaac Huang
KC Kuykendall		Jeff Nejedly, Department of Ecology	Barbara Smith
Steve Misiurak			
Diane Pottinger			
Matt Rasmussen			
Bubba Scott			

A. ADMINISTRATION

- 1) Call to order: Stan Finkelstein called the meeting to order at 9:00 am.
- 2) Welcome and Introductions.
- 3) **ACTION: Pam Carter moved to approve the agenda as presented. JC Baldwin seconded the motion. MOTION APPROVED 10-0** (Ayers, Baldwin, Carter, Haugen, Hutsell, Kuykendall, Misiurak, Pottinger, Rasmussen, and Scott).
- 4) **ACTION: Pam Carter moved to approve the May 6, 2016, meeting minutes as presented. Scott Hutsell seconded the motion. MOTION APPROVED 10-0** (Ayers, Baldwin, Carter, Haugen, Hutsell, Kuykendall, Misiurak, Pottinger, Rasmussen, and Scott).
- 5) Executive Director Update: Cecilia Gardener briefed the Board on recent activities. It has been a very busy month. We are closing out fiscal years and developing budgets for the upcoming biennium; we're developing loan list selection processes, and decision packages.
- 6) Department of Commerce Update: Mark Barkley provided an update on Department of Commerce activities. We're leaving the Supplemental budget and going into biennial budget development: concepts and papers and packages ready to submit to OFM by the first of August. Definitely a quick turnaround. I appreciate all the staff who have been working hard coordinating that effort.

B. POLICY & PROGRAM DEVELOPMENT

- 1) Regional Training Event Recap and Planning: Carrie Calleja presented a recap of the recent Regional Training Events in Colville and Ritzville. We are very proud that we served 72 individuals representing 42 local jurisdictions. We had 6 tech teams. We had 14 individuals receive CEUs. A



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survey was sent after both events and the respondents said the three training topics i were very useful in their workplace. They also asked us to return in a year to refresh. They also liked the one day format. We want to do some on the west side of the state. We also want to make sure everyone gets all the training, and then the tech team. We need to better explain the purpose of a tech team. Feedback indicated that some folks didn't understand what a tech team did. The participants really appreciated having a Board member as speaker.

Stan Finkelstein asked for the breakdown between county, city, and special purpose districts? Carrie Calleja replied it was mainly cities and towns. There were some counties and some special purpose districts. One town clerk wished her electeds could be there to see the importance of asset management.

Pam Carter asked, I assumed that the idea was to sign up for a tech team on one day and attend training the next. Carrie Calleja replied, yes, and that was where the confusion lay.

Scott Hutsell responded that there were four communities from Lincoln County at the Ritzville event. I talked to them and they really appreciated it. It's just a mini IACC roadshow. As folks learn more and more about this, it will just get better and better. It was really, really good. Pam Carter responded that one tech team I sat in on, the city had their outside engineer there, and I was surprised at his questions. Lisa Ayers responded that she attended the training in Ritzville. All the classes were good. I really appreciated the funding panel. For someone outside, that was invaluable.

Carrie Calleja asked the Board to provide direction on the planning of possible future events. We'd like to have two additional workshops, one to be held in the Grays Harbor/Aberdeen vicinity, and then the second one in the Mount Vernon area, probably in late August/September time frames. The group is still working on the planning of that.

ACTION: Scott Hutsell moved to authorize two more workshops as presented by staff. JC Baldwin seconded the motion. MOTION APPROVED 10-0 (Ayers, Baldwin, Carter, Haugen, Hutsell, Kuykendall, Misiurak, Pottinger, Rasmussen, and Scott).

- 2) Securing a Lobbyist: Cecilia Gardener presented a proposal to hire a lobbyist. I'm sure you've all had a chance to review the AGO opinion. It validates that the Board is an independent entity, and has the authority to lobby for its efforts. Now we're going to go out to bid for a lobbyist. There are advantages to this, and there is some grey area, as well. The staff cannot do lobbying activities, because staff work for the Governor. I caution the Board to use this authority judiciously. Authority allows you to go around the Governor and do your own book of business. When you do that, you may not get a Democrat to talk to you if you do not have the support of the Democratic Governor. The Republicans will use this against the Governor. It behooves the Board to be in sync with the Governor; otherwise it will be an uphill battle. The Governor took some heat for that veto, and I think it's a sign we should work closer with the Governor.

Pam Carter responded, just to clarify, were you saying simply having a lobbyist is the issue or is the issue that what happens if the Governor didn't put anything for us in the budget? Cecilia Gardener replied, if you go contrary to the Governor's platform, legislators ask "where is the Governor on this?" and then conversations stall. The Board should be cautious with how it exercises authority going forward. Stan Finkelstein replied, we may be dealing with a new Governor after the election.



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KC Kuykendall replied, this recent near-death experience of the Board was due to legislators. It was the Governor who saved us with a veto. I agree we should be very discriminating with who we hire. To make sure the lobbyist is carrying the water for this Board and not another agenda. We have a lot of work to shore up the message to legislators that the Public Works Assistance Account (PWAA) should never have been on the chopping block in the first place. They did not balance the budget with these funds.

Mary Margaret Haugen responded, the Governor proposes, the legislature does the work. Nobody thought the Governor's budget was the final word. It was something to work from. It's about Education. We need to educate. We need all the help we can get to educate. This program works so well that other states are modelling their programs on it.

Diane Pottinger replied, as a person who is trying to educate our citizens, we need to do a lot better. We need outside help. Cecilia Gardener replied, on that note, I am going to hire a marketer to work in concert with the lobbyist to develop a message and product to support that message. It may not be specific concepts that we move forward, but this is a period to educate on the value of this Board. The Board should not be annihilated. It has specific positive impacts on local governments. Pottinger replied, I reside in an area that is huge for schools. I think having a good message to educate them has been very helpful. I'm getting feedback that no one thought about taking money from one to do the other. They've never thought about it that way before. Mary Margaret Haugen replied, this money was put in specifically to do this purpose. Pottinger responded, but the common person doesn't understand that. KC Kuykendall responded, and the false dichotomy of schools versus infrastructure is a great educational tool. Pottinger replied, I want to take that angle and ask every candidate that question. I would love to challenge everyone with that.

Mary Margaret Haugen responded, I was a hairdresser before I was in the legislature. Hairdressers don't have all that knowledge. A legislator that goes in doesn't know a whole lot. And the truth of the matter is, you have a blank piece of paper starting out. As a legislator, I looked to Stan Finkelstein because I trusted him. I knew I could trust him. That's what a lobbyist does. They are there to educate you on a topic.

Stan Finkelstein asked, can you tell us about timelines and other issues? Cecilia Gardener replied, I have is a process. In the State system we have to go out for a competitive bid. Are you comfortable allowing the Executive Committee to go through the process, screen, review, and select candidates for the full Board to finally vote on the top two candidates? We hope to find someone who can dedicate some time to this. We will ask them who their other clients are.

Bubba Scott interjected, I would like to confirm that the lobbyist will work directly for the Board, not the Department of Commerce. Cecilia Gardener replied, that is correct. Not everyone is comfortable with this. This effort is going to be very targeted. We are not taking over any stakeholder turf; we are just using some targeted energy. It takes about a month and a half to get someone because of the state process. Probably it will take 6 to 8 weeks to actually get someone on the ground. They should be ready prior to your retreat.

Diane Pottinger replied, I think the key thing is establishing authority and who gives direction. I think



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there needs to be one person with one message relayed to the consultant. Gardener suggested we come together as a whole, identify that stuff, and then make recommendations. Then the Board needs to decide on their message. I would say the Executive Committee is your point group in order to make decisions on behalf of the Board. Pottinger responded, I whole heartedly support that.

Stan Finkelstein asked, do we need to take formal action? Cecilia Gardener replied, yes.

ACTION: Mary Margaret Haugen moved to authorize staff to proceed to hire a lobbyist. Diane Pottinger seconded the motion.

DISCUSSION – Pam Carter asked, just for my information, as a legislator, does it give a different impression when the Board is actually advocating for what they want, either personally or with a lobbyist, versus coming through regular channels? Mary Margaret Haugen replied they will be lobbying for the Public Works Assistance Account, not the Board. Carter asked, is there an advantage? In the past, we have gone through the channels, but we refrained from actively lobbying and supporting. Is this a positive step? Haugen replied, yes, I think it's a positive step. You have to educate these new guys.

KC Kuykendall responded, I guess as we evaluate the pros and cons of it, we have to remember the edge of the cliff we just got backed away from. To the extent that the lobbyist can educate them on the political ramifications of eliminating such a widely popular program, they are going to finally put a circle around the PWAA, to not touch the fund. Only a lobbyist can do that for us. I think that is going to be crucial to avoid getting back to where we were this year every biennium. To agree with Diane (Pottinger), ultimately the message of schools versus infrastructure is a false dichotomy. It's a branding issue a lobbyist ought to be carrying and beating the drum all the time. Reminding them that schools flush toilets too. Making that sound bite very clear. Cecilia Gardener replied, working closely with the lobbyist to develop meetings and materials, we can do this. If you have specific criteria you want in the Request For Proposal (RFP), please email me with that by early next week, so I can incorporate it. Steve Misiurak responded, I see it as an additional strategy to get the message out. I think it's a great idea.

MOTION APPROVED 10-0 (Ayers, Baldwin, Carter, Haugen, Hutsell, Kuykendall, Misiurak, Pottinger, Rasmussen, and Scott).

ACTION: Pam Carter moved to authorize the Executive Committee to oversee the hiring process of a lobbyist on behalf of the Board, review the RFP, screen the candidates, and then present the final two candidates to the Board for a vote. Bubba Scott seconded the motion.

DISCUSSION – Mary Margaret Haugen wants to establish a legislative committee. Stan Finkelstein asked, can't we broaden the scope of the Policy Committee to do this? Cecilia Gardener replied that traditionally the Executive Committee has been used for legislative affairs. JC Baldwin asked, we intend to have a lobbyist on board by the retreat? Gardener replied, yes. Baldwin responded maybe that's the time to determine who interacts with the lobbyist from that point forward. KC Kuykendall replied, that the committee would submit to the full Board the list of messages and activities for final approval before the lobbyist went forward. Gardener responded, can we table the decision on



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which committee will oversee the lobbyist until the Board Retreat? Mary Margaret Haugen agreed to that. Stan Finkelstein pointed out there was still a motion before the Board.

MOTION APPROVED 10-0 (Ayers, Baldwin, Carter, Haugen, Hutsell, Kuykendall, Misiurak, Pottinger, Rasmussen, and Scott).

Diane Pottinger asked, can I get a rough idea of the timeline or how they might approach marketing for this? Is that something we can ask the lobbyist candidates? KC Kuykendall replied, if you look at your budget, that will get you six to eight man weeks, depending on incidentals. That's going to be our giggle check. Stan Finkelstein responded, you're buying a day a week, rather than continuous time. Kuykendall responded, agreed. Cecilia Gardener asked, do you feel \$50,000 is sufficient? Kuykendall replied, I shot Peter King an email asking his input on this. Mary Margaret Haugen replied, AWC hires full time staff employees, not consultants. Kuykendall replied, I think that might have changed in the last three years. John Kounts responded, typically these contracts are done in a so much per month basis. Not a timesheet basis. I think \$50,000 is reasonable. They're going to have other clients. It's probably going to be someone who is already working in the field. Given all those factors, \$50,000 should be plenty. Gardener replied, I will put it in the RFP that the Board can continue this same person again without having to go out to bid again. At the end of every fiscal year the Board can decide if they want to extend that contract for another year or not.

- 3) Securing a Contractor for Managerial Training Program: Cecilia Gardener presented a proposal to hire a contractor for the managerial training program. We had an option to spend \$250,000 on a training effort. We started with the technical colleges and that didn't work. We spoke to some other organizations where we could piggy back on another contract, but the scopes were too narrow for that. We have to go out to bid on this project.

ACTION: Pam Carter moved to authorize staff to advertise an RFP for the Managerial Training Program. Matt Rasmussen seconded the motion.

DISCUSSION –Stan Finkelstein stated, we've identified there is a need out there. Perhaps we should look to a different opportunity to access that training. Scott Hutsell responded, I think it makes sense to partner with Evergreen Rural Water of Washington (ERWOW). They're out there already. Gardener replied, I will state for the public record that ERWOW would have to submit to an RFP in order to do this. Hutsell responded, if there's no one else out there who can do this, well, then we're going to have to start at square one.

Stan Finkelstein replied, what we discovered with the survey done last year, is that an awful lot of small jurisdictions have a clerk who really does not understand the dynamics of managing a utility system. They are kicking the can so far down the road, the road has dropped off.

Pam Carter responded, by putting out this RFP we need to look at justifying what we're doing. ERWOW is already doing this. How can we explain that we're funding an entity that is already doing this? Diane Pottinger replied, I agree. We have to message this. We found this out with the Tacoma Green River project. The small entities that benefitted from the project were never mentioned. All the legislators heard was "Tacoma" and they weren't impressed.



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MOTION APPROVED 10-0 (Ayers, Baldwin, Carter, Haugen, Hutsell, Kuykendall, Misiurak, Pottinger, Rasmussen, and Scott).

- 4) Public Works Board Retreat: Cecilia Gardener presented a proposal to hold the annual Public Works Board Retreat on September 8-9, 2016. That would be just before the Office of Financial Management's cutoff to submit items for budgetary consideration. The deadline is September 19. If there were any modifications to what we are doing, this would be your last window to change. Staff will build white papers for the Board at the next two monthly meetings, and then we'll work on those at the retreat. Bubba Scott asked, do you think this a good time to slot in an hour or half hour to update the strategic plan? Gardener agreed.

ACTION: Scott Hutsell moved to approve the staff proposal for a Board Retreat to be held on September 8-9, 2016, as presented. Diane Pottinger seconded the motion. MOTION APPROVED 10-0 (Ayers, Baldwin, Carter, Haugen, Hutsell, Kuykendall, Misiurak, Pottinger, Rasmussen, and Scott).

Pam Carter asked if we will have a facilitator this time? Cecilia Gardener replied that we had Anita Paige last time. I thought she was very good. If you choose to use a facilitator I recommend Anita again. Stan Finkelstein asked if there consensus on using Anita Paige? Yes. Hearing no argument, we agree to go with Anita Paige.

C. BUDGET DEVELOPMENT

- 1) Public Works Board Budget Development: Cecilia Gardener presented a proposal to the Board for the 2017-2019 budget. Gardener referenced a handout that was given out at the top of the meeting. This year we have to launch a construction funding cycle because we were mandated. Ann (Campbell) is diligently working on a product that will get out the door pretty quickly here. We will do webinars. It's a truncated process that will come to fruition at your October meeting. We won't have projects by the September 19 due date. You won't make decisions until the first week in October. We had a lot of de-obligations this last fiscal year. There might be more in the remainder of the biennium. There is a total of \$285 million available in the Public Works Assistance Account (PWAA).

Cecilia Gardener pointed out the staff recommendation for the Operating budget. The Board currently has 7.5 FTEs. That is assumed to be a carry-forward level. KC Kuykendall asked, what is embedded into those FTEs? Gardener replied, there are lots of things that are tacked on to the cost – Information Services, rent, overhead, training, travel, etc. All those things together add up to this number. Stan Finkelstein asked, does this include an indirect? Gardener replied, yes. Kuykendall asked, can the Board see a breakdown other than these rolled up figures? Gardener replied, yes, I can get that for you. The agency has submitted to HUD a new methodology for indirect costs. Traditionally it's been a percentage of salaries and benefits. Now it's 20% of salaries, benefits, goods and services, travel and training, and ¼ of 1% of any pass through dollars. We will have to ask for additional money to cover the indirect rates, particularly for the Capital budget pass-through funds.

Cecilia Gardener stated that for this biennium there were non-traditional elements coming out of the PWAA. Growth Management's operating budget now comes out of the account. We assume



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that will continue. Mary Margaret Haugen asked would that increase if local governments start asking for more help? Gardener replied, dollars for grants to update Growth Management plans were not given this biennium. The proposed budget includes \$500,000 for plan updates. KC Kuykendall asked, do we manage this Growth Management group? Gardener replied, no they are a unit within the Local Government Division. Kuykendall, how did they get our money? Mark Barkley replied, it was an OFM directive that the PWAA provide the dollars to Growth Management. Pam Carter asked, this was done starting when? Gardener replied, this biennium. Kuykendall responded, or at least that this is a Governor-appointed citizen board, and this is not in our purview. We should highlight this. I don't feel comfortable having my name on this. This is half of your operating budget.

Lisa Ayers asked, did voluntary stewardship get into this, as well? Cecilia Gardener replied, the stewardship is out of the capital budget. The agency gets one appropriation, and the money is dispersed to Growth Management and the Public Works Board. Stan (Finkelstein) summed it up nicely – it was not discussed, it was done. KC Kuykendall responded, the Growth Management Act (GMA) is not going to get smaller in the future. If this doesn't get moved out, then you may find that growing larger year after year. It needs to be managed. Either by us or by someone else. Gardener replied, if the Board steps back and looks at this from a holistic point of view, the PWAA is still assisting local governments. The GMA was technically an unfunded mandate to locals. There is a nexus there from a public policy perspective.

Scott Hutsell responded, it's going to be a give and take to allow us to do what we used to do. One side is to take it all, or articulate the grand bargain to try to salvage some of the program. This is just how it works. The money comes into the General Fund, we put together a loan list, the legislature approves it, if there's money left over, and they can take it. In the past two biennia, they've taken it all and not approved a loan list. That's the world we live in now.

Cecilia Gardener directed the Board's attention to the New Initiative section. Please look at this as a whole. The first item is expanding technical assistance. As you know, we took an operating hit this biennium and we reorganized. The staff we lost were technical assistance providers. We don't have the capacity to provide intense technical assistance like we used to. Back in the day, the Board used to fund a person to provide technical assistance through the Small Communities Initiative (SCI) program. Right now the Departments of Health and Ecology provide funding to two FTEs to provide support to small local governments. This is a request for a third staff person for that SCI group. This position could be directed by the Board. You could select communities or activities that you want this position to work on. Gardener replied, I will not direct that third person, the Board will. Bruce Lund will be the supervisor. Finkelstein asked, so there's an Advisory Board that oversees all three people, but the Public Works Board will provide some additional focus? Gardener responded, if you like, we can have a Public Works Board representative on the Advisory Board. But the actual supervision will occur from another unit. Mark Barkley responded, the quarterly reports that you see from Cathi (Read) would still be provided to this Board.

Cecilia Gardener replied, I believe the activities this individual would perform would be in the Board's interest. Haugen asked, who is going to pay for it? Gardener replied, we are. Scott Hutsell responded, it's not us that's funding them. We don't have a dime until they say we have a dime. It's not our money to start with. JC Baldwin replied, it's not our money to start with. Hutsell asked, are



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we paying for someone else's stuff? No. It's just a request that goes up the chain that is part of the grand bargain of keeping this program alive. Jon (Galow) & Cathi (Read) do great work. I think having someone that we have more direct contact with is a great idea. I like the idea of us having a Public Works Board member on the Advisory Board. The more we can make that connection can only help us. I think it's a win-win for us. Should they fund their own? Maybe. Mark Barkley replied, Cathi (Read) leads a huge effort, and we are just trying to provide greater support to her. Pam Carter replied, well we had been doing educational stuff that we're not currently able to do. I get how this will continue that work with small communities. What I hear the pushback on is that we're shipping our money to another group.

Mary Margaret Haugen asked, will this new person continue to work with us if the money doesn't come from us? Cecilia Gardener replied, the partnership would still be there. The Board would not direct the work of a new person. Gardener responded, if the board chooses not to fund this, the only other sense would be General Fund, and we all understand that if that's the case, it won't go forward at all. There would be a small pot of money, \$250,000, for grants for small communities to get them over the hump. This person would bring that to the Board and the Board would have a say in how those funds would be used. KC Kuykendall responded, if this is the nature of the beast now, and possibly going forward, then I think the Public Works Board needs to leverage the dollars to claim whatever we can get out of this. As we continue to go out and lobby legislators. I'm good with it, but let's not lose the opportunity to leverage it for the next biennium. Mark Barkley replied, I would be happy to have Cathi (Read) come in and give you an overview of the program. That leveraging is exactly what Cathi (Read) does. Cathi (Read) will leverage all the resources available to help those communities get to success. JC Baldwin asked, can we ask Cathi to give a brief presentation at our retreat? Barkley replied, absolutely.

Lisa Ayers responded, I've worked for the city of Raymond for 6 years, and was on the other side of Cathi (Read) doing work for us. I am in favor of expanding her reach. I think having a Public Works Board member on that group will help expand the awareness of what SCI is doing. Mark Barkley replied, we would love to have you on that Advisory Board. Bubba Scott responded, the SCI is a wonderful program. Is the \$500,000 secure once we commit, or can it be swept? Cecilia Gardener replied, it will be biennium by biennium going forward. Health or Ecology may be in a position in the future where they can't fund Cathi (Read) & Jon (Galow). Jeff Nejedly responded, I think we all agree that SCI is a great program. This is why we have increased our funding to SCI. Historically, the Board has funded SCI. When the Board funding was cut, Health and Ecology stepped up to fund these positions. I think it's a positive move forward. Gardener replied, the type of assistance that SCI provides is unique. There is no state agency that provides that type of intense technical assistance. They really embed themselves in a community and understand the unique needs of that community. Nejedly responded, the work to support IACC and the Maximizing Resources meetings are invaluable to us. Those are critical pieces to us.

Cecilia Gardener stated that the next item on the agenda is Growth Management Advanced Planning, such as permitting, rezoning, or whatever, in anticipation of addressing an affordable housing issue. It's a 3-pronged approach. We have Advanced Planning efforts at the base, which will get them ready to do foundational infrastructure that will get them ready to develop affordable housing. Diane Pottinger asked, how many counties across the state are planning under GMA?



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Gardner replied, 39. Pottinger asked, so counties without GMA are not eligible for funding under this? Gardener replied she didn't have an answer for this. Pottinger responded, I'd like to make it available for everybody, not just specific counties here and there. Pam Carter responded, I'm not fond of the idea of helping cities plan for Accessory Dwelling Units (ADUs). I just don't see how that ties in with our infrastructure. Its affordable housing incentives, like density bonuses. I don't see how that works within our structure. I think they are good things to do, but that doesn't work with our vision. Gardener replied, no, it's not specifically in your RCW, but this is becoming a health and safety issue.

Cecilia Gardener responded, I want to present the idea of Affordable Housing as a prospect. Many jurisdictions are now faced with a huge homeless problem due to the economy. I think the state is facing a larger issue on how to address this problem. I think right now that the I-5 corridor is driving the housing market and it's killing us. It's a local government and state issue. This is a long-term investment. This is not the quick fix. There are capital and operating dollars in here. Bubba Scott asked, can you identify infrastructure for me? Is this buildings? Gardener replied, no, this is water, sewer, roads, etc. For example, you have a single family occupancy structure. They want to build a multi-unit affordable housing structure, but the wastewater is only set up to deal with one single family dwelling. We could then pay to develop the infrastructure sufficient to support that multi-unit structure. In order to keep that finished structure rentable at an affordable rate. This is not "tenements and projects." We're not going to build structures. KC Kuykendall responded, the need for evaluating infrastructure is key. The demand needs to be identified. This current identifier speaks to planning activities in GMA and I agree that is completely out of our purview. I think we need to specify that we're funding communities to plan for infrastructure development, not GMA activities.

Cecilia Gardener stated, we need to ask for an additional amount from the legislature to cover our costs that are now being redirected to the indirect rate. Stan Finkelstein responded, on the half a million dollars, on the first quarter it's 20%. On our existing staff and proposed FTE we would have to make an additional ask of how much? And this takes effect July 1, 2016. Gardener replied, we have enough wiggle room in our budget to cover this. But next biennium we will have to ask for more money.

Cecilia Gardener stated, let's look at the capital expenditures. Carry forward requires \$25 million to pay for existing obligations. Those projects are under construction and not completed yet. We are assuming we will still pay for the state match for the two SRF programs. We are anticipating that will be \$18 million dollars annually. The ¼ of 1% is based on the anticipated draws on contracts for that biennium. The indirect is based on loan draws.

Cecilia Gardener stated the next issue is the proposed \$90 million for traditional Public Works Board loans and \$100 million for the second part of the affordable housing ask. The details have not been developed on how the affordable housing concept would roll out. However, these are activities that are already within your RCW. It's not an "and/or", it's a both. Each project would be approved by the Board and all of them would be targeted. That means \$190 million total. Next is the Keiser Bill, SB 5624, the Bond Bill. This is the concept of bond pooling for local governments who couldn't get access to the bond market otherwise. This is also a very targeted effort, just another tool in the toolbelt. Stan Finkelstein responded, is that subject to legislative approval? Gardener replied, the bill



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adds to the existing RCW parameters and does not require legislative approval of a project list to be funded using bond proceeds. It also has a different set of eligibility criteria and other parameters. Bubba Scott replied, this doesn't make sense. This sounds like the small communities we already serve could apply for this. If this Board chooses not to go along with this, what happens? Gardener replied, the affordable housing concept has been flown by the Governor already. He is intrigued. There is a good chance it could end up in the Governor's budget. Diane Pottinger asked, you ran this by the Governor before you ran it by the Board? Gardener replied, it was introduced to the Executive Committee, because Brian Bonlender needed to take it to the Governor on Tuesday. Pam Carter stated that she is still a little concerned about that. When they build, it may be affordable, but two years later it may not be. When buildings are built with federal money, they have to certify that they will be affordable for so many years into the future. Many of those aren't for low income, they are for moderate incomes, even if it's like the SHAG housing for seniors. My community was all up in arms against this until it was explained to them. I think this should be paired with other funders. Gardner responded, the intent is this would be paired with the Housing Trust Fund. Some of their buildings go out for 50 years, and they are required they keep a percentage in affordable housing.

ACTION: Scott Hutsell moved to approve the staff proposal. Pam Carter seconded the motion.

ACTION: Mary Margaret Haugen moved to separate out the sections and vote individually on them. Bubba Scott seconded the motion.

DISCUSSION – Stan Finkelstein stated, we have two primary elements. How do you wish to proceed? Cecilia Gardener replied we can go item by item, or by operating and capital? Let's go by Section. KC Kuykendall replied, I like the suggestion of line item by line item, with a revised summary budget that we then vote on.

ACTION: Stan Finkelstein stated we have an Amendment to the motion. I need an action by the Board to proceed or reject. MOTION APPROVED 9-0 (Ayers, Baldwin, Carter, Haugen, Kuykendall, Misiurak, Pottinger, Rasmussen, and Scott). Scott Hutsell opposed.

DISCUSSION – SECTION BY SECTION:

Carryforward:

MOTION APPROVED 10-0 (Ayers, Baldwin, Carter, Haugen, Hutsell, Kuykendall, Misiurak, Pottinger, Rasmussen, and Scott).

\$4 million for Growth Management: Cecilia Gardener stated, we don't get to vote on that. I ask that you vote on the \$90 million Operating. The existing Operating is carryforward, so it doesn't need an action. What needs voting on is the SCI expanded position.

\$500,000 for Additional FTE for Small Communities Initiative:

MOTION APPROVED 10-0 (Ayers, Baldwin, Carter, Haugen, Hutsell, Kuykendall, Misiurak, Pottinger, Rasmussen, and Scott).



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GM Advanced Planning Grants for Affordable Housing:

MOTION FAILED 3-7 (AYEs: Baldwin, Hutsell, and Misiurak). (NAYs: Ayers, Carter, Haugen, Kuykendall, Pottinger, Rasmussen, and Scott).

Capital Request Carryforward is a given.

New Loans Traditional Loans \$90 million for board:

DISCUSSION – KC Kuykendall requested to bring the \$100 million from below and add it to this \$90 million. Cecilia Gardener replied there will be dollars on the table after you finish voting, and I suggest you put those dollars into the Traditional program. As this was flown by the Governor, I think they were looking for even more. It would be difficult to change the dollars that were provided to the Governor. I recommend \$90 million as the low, and any additional resources put into it as you choose. \$90 million is a base and we accept it at this point, to possibly be revised later.

ASSUMED – Cecilia Gardener replied that we don't have control over that, either. The SRFs are good policy; we bring in a lot more projects because of it. The Voluntary Stewardship is also assumed to be done to us. I believe it is considered to be carryforward. There is no decision package; it's just a line item.

PROPOSED - \$100 million for affordable housing loans and grants:

DISCUSSION – Scott Hutsell stated, the one piece I have about this is that the forgivable loans are voted on by this Board. Cecilia Gardener replied, yes. All elements would be voted on by this Board. Mark Barkley replied, this was developed as a new path for the Board and the PWAA for a base of support that might broaden support within the legislature for us. We received a call yesterday from Lake Stevens, he is coming to the Board probably in August because he can't currently make his two loan payments to the Board because of his requirements to build out new infrastructure. We're going to get more details and get back to you. These are efforts to create capacity for growth within communities. This program will touch all the corners across the state in an effort to bring down housing prices across the state.

Scott Hutsell replied, I'm looking at this chart from 1985 to 2015, were any of those forgivable loans? Cecilia Gardener replied, no. Hutsell asked, have we ever forgiven a loan? Gardener replied, no. Technically, you don't have that authority. You have loan guarantees and loans. For this biennium alone you have authority to do forgivable loans. Hutsell responded, the piece of this is, I want to make sure if we approve this, that forgivable loan idea, it won't be someone coming down from on high telling us "you need to forgive that loan." Gardener replied you will approve the parameters to select projects; you will be in control of it. Hutsell responded, I'm talking about the legislature, the Governor, or someone else telling us to forgive a loan. Gardener replied, if it's in my purview, it won't happen.

KC Kuykendall responded, it sounds to me that's exactly what's happened with this \$100 million. We've got half the PWAA earmarked for housing projects. Hutsell replied, it's not housing, it's infrastructure. Kuykendall replied, that's not how it's written. It says Housing. That's my rub. We either redefine as a Board how these funds will be distributed and for what purposes, or we just line



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through it. I understand that creates some political angst. As it stands, this is affordable housing money. Stan Finkelstein replied, we are not authorized to build housing. We are only authorized to provide the infrastructure – roadways, utilities, etc., out of the \$100 million. Mark Barkley replied, yes, the other part of this is to expedite those housing dollars to be more effective in their delivery. Pam Carter responded, I hear what you're saying. I can live with that.

KC Kuykendall replied, in this concept paper it talks about infrastructure to support affordable housing. I think we're painting ourselves into a corner earmarking so much for affordable housing when that is not the dominant problem facing the small rural communities this fund primarily serves. Cecilia Gardener replied, whatever is developed this year has to be developed under the proviso. We can't fund water, we can't fund sewer. If this program is built outside the proviso, then we can do water and sewer. Lisa Ayers responded, I see this as another avenue to allow us to support infrastructure. No one has money to ready services to make properties buildable. Bubba Scott responded, we can't maintain the infrastructure we have in those small communities. I think we should put the money back into the program and let someone else worry about affordable housing. It doesn't make sense that we're building infrastructure to allow a developer to bring in another townhouse. Stan Finkelstein asked, this has already been proposed to the Governor, correct? Gardener responded, yes.

JC Baldwin responded, the complete topic of our meeting yesterday was all about affordable housing. I think this Board needs to get ahead and have an impact on this topic, or we are going to be rendered irrelevant. Haugen replied, I disagree. None of my jurisdictions would even be eligible for this. Affordable housing can only be developed within the Urban Growth Boundary. Pam Carter asked, so they are building affordable or low income housing owned by nonprofits where they are qualifying for state or federal money, and that's the only kind of projects we'd be impacting? Cecilia Gardener replied, I think that's the original intent. We're leveraging dollars within our own agency. Matt Rasmussen asked, how many cities are going to come take out a loan to build affordable housing? They are going after a forgivable loan. How are they going to repay the loan? Gardener replied, I'm not terribly familiar with all the parameters around housing and trust funds and all that. I don't have all that information yet. Rasmussen replied, that's my point, the cities won't have any interest unless you're going to forgive it. KC Kuykendall replied, it may be that our hands are being forced here. Our role is to approve an executive budget. I'm comfortable rolling this \$100 million into a new line called "New loan funds" with the idea that some percentage of this could be designated for affordable housing projects. Then if our hand is forced, then we already have some of it in where we want it. Rasmussen replied, I think most of these wouldn't qualify for SRFs anyway. Stan Finkelstein stated he had two comments: First, it wouldn't come under the proviso. Second, it wouldn't come under legislative approval. Lisa Ayers replied, if we do this, we need to take out Growth Management so all the counties would be eligible, not just the counties that plan under GMA. Gardener responded, the advanced planning is happening on a community level. What we're doing is on a project level.

Diane Pottinger responded, the communication on what is available and not is confusing. I'm from Raymond or Albion or somewhere like that. Knowing that this pot is suddenly available, it's going to be challenging to know that I need to go get it. Scott Hutsell replied, it's terrific we're having all this discussion. We wouldn't be doing that if the Governor hadn't vetoed Section 935. Before that I



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would be tickled to have a \$100 million loan list. I'll take the \$90 million for our traditional book of business, in the name of keeping the program together, and use the \$200 million. It's still under our purview. If any of you thought that veto didn't come with consequences, you're crazy. This is how this town works now. This is my take on the politics of this. We also have to deal with the majority coalition. This has to go both ways. One of the things I'm hoping, when this package is brought to the legislature from the Governor, is that we're not in complete opposition to the Governor. Mary Margaret Haugen responded, I disagree. It was good public policy getting that veto. I don't think the Governor is asking for something back. When you read this, it's not for affordable housing for the rural areas; it's for affordable housing for the urban areas around King County.

Diane Pottinger replied, typically we've voted on the whole loan list. Can we vote item by item on this? Gardener responded, historically the Board approves the criteria that the projects are selected under. And then the Board approves the list. Diane Pottinger replied, I just want to see how you would put this piece in the affordable housing criteria.

Bubba Scott responded, I think part of the problem is that this paper came out too late for us as a Board. Cecilia Gardener replied that this evolved very rapidly last Thursday. It was presented to the Executive Committee last Friday, and you're getting it today. Scott asked, what's the hurry? Gardener replied, within the state system we need to develop a decision package and submit that by September 19. Diane Pottinger asked, did the Executive Committee vote on this? Scott replied, yes. Pottinger responded, so you've known about this for a week and we just got this this morning? It's not fair for us to vote on this without more time. Gardener replied, there was a short turn around on this. Pam Carter responded, we should have been given time to read this at the start of the meeting. If we could have read this for 10 minutes at the start of the meeting before this discussion, it would have been nice. Stan Finkelstein replied that we need to bring this issue to closure.

Mary Margaret Haugen asked, can't state agencies make an amendment to whatever they put in later? Stan Finkelstein asked, this will be in the agency budget, right? Mark Barkley replied, yes. KC Kuykendall asked, what is the point of this vote? Finkelstein replied, I share your concern – either to support whatever is in the Department budget, to be neutral on it, or to oppose it. Kuykendall replied, I'd like one additional concept. I would like us to increase our autonomy on how these funds are distributed. I would suggest as part of the vote that we are agreeing to dive deeper into how the Public Works Board will define the use and distribution of these funds. Cecilia Gardener replied, I would say the only control you have are recommendations. For our new members, these are brand new for all of us. This particular scenario we're seeing has never happened before. This is new to all of us. It is certainly not a historical approach to what we have done.

Stan Finkelstein responded, as I read attachment three and the proposal, there is no verbiage that says any of this needs to come to the Board. Cecilia Gardener replied, this is a draft. You will get another shot at this next month, and we will show you a decision package that lines out in greater detail however the Board wants it done. If a group of Members wants to help us with that, which would be great.

Mary Margaret Haugen asked, what happens if we remain neutral? JC Baldwin replied, I think Stan



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(Finkelstein) was saying we don't need to vote on this today. Stan Finkelstein replied, what is the Local Government Division's position on the role of the Board in the process? Mark Barkley replied, we are meeting on Monday for the prioritization of the concepts and those will move forward into decision packages. This is moving forward as a decision package. We can work with the Board as to the Board's purview. Finkelstein replied, as I understand it, \$100 million has been decided on at the Agency and Governor's level. Barkley replied, yes. Finkelstein responded, so we can't roll this into the \$90 million? Barkley replied, I think you could, however my concern is the proviso restrictions. I don't know how we could get around that. We were talking about two separate decision packages, so we could get out from under the proviso restrictions.

JC Baldwin replied, I think we should take this back to our organizations and check in with our districts and make sure that's what they want, too. Diane Pottinger responded, we could do survey monkeys. Cecilia Gardener replied, because of our timelines on this, we didn't do any stakeholder work on this. JC Baldwin responded, no matter what we vote, the money is going. I think at the very least we could go back and talk to our stakeholders. Pam Carter asked, what happens if we don't vote? Mark Barkley replied, I think the Board has time to defer it to the July meeting.

ACTION: Mary Margaret Haugen made a motion to defer this vote. Diane Pottinger seconded the motion.

DISCUSSION – KC Kuykendall asked, how will we approve the executive budget? Stan Finkelstein replied, we are just deferring this particular item. Cecilia Gardener responded, you could approve the \$195 million total amount and then defer the targeting until next month. Pam Carter replied, we could defer the \$100 million decision, but then go approve the \$255 million total.

Stan Finkelstein replied, where are we at? \$100 million for affordable housing? It's been moved we defer taking a specific position on that, and just adopt a \$255 million funding total. Cecilia (Gardener), would you please talk about the bond program. Cecilia Gardner replied, we've allocated \$5 million in seed money to start up and make a bond payment as the bond program comes to fruition. Diane Pottinger replied, I know our Executive Director pointed out a number of things we didn't like about this. Gardener replied, that input would be invaluable to me. I want to recommend things to Senator Keiser to improve this bill. Carter asked, can we move the money around and use it for something else? Gardener replied, not unless the legislature appropriates this.

Stan Finkelstein responded, I think we're at the stage where we need to think outside the box on how we address traditional infrastructure financing in this state. By broadening our financing options, we may be able to address these variables. We've got to look at other financing options. Senator Keiser, a friend of ours, is really promoting this. We need to find a way to make this work. Diane Pottinger replied, there are four problems our Executive Director had with this bill. John Kounts responded, it's not that we objected to SB 5624 per se, but we had all the same problems with it. Fundamentally it was being presented politically as a substitute for the PWAA, and that's what we objected to. It's of limited value compared to the PWAA. Cecilia Gardener replied, hiring a lobbyist will help with this. It's not a replacement for the PWAA. It's of limited use, and it won't be used. Scott Hutsell replied, it's the same guys who said the SRFs were a replacement for the PWAA. Keiser doesn't believe it's a replacement. Mary Margaret Haugen asked, is there somewhere to say



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there ought to be more input, so we can have a decent tool? Why would we put \$5 million into a tool that won't even work? Finkelstein replied, if nobody avails themselves, then that bond will be called, and the \$5 million won't be needed. This is not going to be widely used unless there is a substantial difference between the interest rate and the issuance cost.

Steve Lindstrom responded, the politics of this issue exceed the technical components of it. There will be a new state treasurer. They will be spinning and spinning and have no traction yet. There has been a push and pull over this issue between senior senate staff and the Treasurer's office. And this idea of replacing the PWAA has been a pet project of a senior staff person, and the Treasurer says they have a way to refine this into oblivion. If they both go away, this is all going to get reset. I don't think this \$5 million in your budget is going to be more than a placeholder in your budget.

Stan Finkelstein asked, what's your pleasure? Cecilia Gardener responded, you can roll that into your Traditional loan program; it doesn't have to be a line item, but it's there if SB 5624 has legs.

ACTION: Pam Carter moved that the Board approve \$5 million for SB 5624 seed money. JC Baldwin seconded the motion. MOTION APPROVED 10-0 (Ayers, Baldwin, Carter, Haugen, Hutsell, Kuykendall, Misiurak, Pottinger, Rasmussen, and Scott).

Stan Finkelstein asked, do you want to defer the \$100 million? As part of available resources, but not allocated per se, to be deferred to our July 8 meeting?

ACTION: MOTION APPROVED 9-1 (AYEs: Ayers, Baldwin, Carter, Haugen, Kuykendall, Misiurak, Pottinger, Rasmussen, and Scott). (NAYs: Hutsell)

ACTION: Pam Carter moved to approve the \$255.6 million as amended. KC Kuykendall seconded the motion. MOTION APPROVED 10-0 (Ayers, Baldwin, Carter, Haugen, Hutsell, Kuykendall, Misiurak, Pottinger, Rasmussen, and Scott).

- 2) Public Works Board Construction Loan List Development: Cecilia Gardener presented a proposal to the Board about the upcoming Construction Loan List. Staff have been shredding the application and simplifying it as best we could, with the proviso. We're thinking of two distinct applications – one is traditional under roads, bridges, and storm. And the other is for projects ineligible under the SRFs. We have no recourse but to go out for a call for projects. We will bring a final list for approval to the October meeting. Mary Margaret Haugen responded, I'd love to see the list of those we can't help because of the proviso. Gardener responded, that's an unknown. It's a truncated process, but we will get it done by November 1. I will put a placeholder in the Governor's budget of the dollar amount we're going to allocate. Diane Pottinger asked, do you want me to get a list of who didn't apply to the SRF? I can get that. Gardener replied, yes, please do. Because of the truncated timeline I don't have a product for you to review. I am begging your indulgence of that.

ACTION: Pam Carter moved to accept the staff recommendations as presented. Matt Rasmussen seconded the motion. MOTION APPROVED 10-0 (Ayers, Baldwin, Carter, Haugen, Hutsell, Kuykendall, Misiurak, Pottinger, Rasmussen, and Scott).



D. INFORMATION & OTHER ITEMS

- 1) Fish & Wildlife AGO Opinion: This was presented to the Board as informational only.
- 2) Board Committee Updates: Scott Hutsell reported that there was a Policy Committee meeting this morning. We talked a little bit about proposing additional criteria for the loan list, talking about natural disaster affected communities, in case we get emergency dollars. There are some different criteria in the selection for emergency funds. We discussed cleanup language in our statute. Cecilia Gardener replied, we want to review the RCW and clean it up. Our intent is to have it ready for January. At least we can start the process.
- 3) Board Member Updates: Cecilia Gardener stated that she wants to thank the Board for their tolerance in these contentious issues. This has not been easy for the Board or myself. Stan Finkelstein responded, I want to convey my appreciation to Cecilia (Gardener) on all the work you've done in the last 72 hours. It's a moving target and we unfortunately are the bullseye. It may require some holding the nose concessions. Thank you Cecilia (Gardener) and staff.

Steve Misiurak responded that tacking on to Diane Pottinger's letter, our agency will also be sending out a similar publication.

ACTION: Pam Carter moved to adjourn the meeting at 1:06 pm. Scott Hutsell seconded the motion.
MOTION APPROVED 10-0 (Ayers, Baldwin, Carter, Haugen, Hutsell, Kuykendall, Misiurak, Pottinger, Rasmussen, and Scott).

TAB B

Contracting



DATE: June 15, 2016
TO: Public Works Board
FROM: Jacquie Andresen, PWB Program Specialist
SUBJECT: Project Completion Extension Requests

STAFF RECOMMENDATION

Staff recommends extending the contract project completion date as follows:

Program	Client	Contract No.	Project	Loan/Grant Amount	Available to Draw	Original Closeout Date	Current Closeout Date	Proposed Closeout Date
PWTF	Clark County	PC12-951-028	I-5/Salmon Creek Interchange	\$10,000,000	\$2,797,072.83	10/11/16	10/11/16	4/30/18
Reason for Extension Request: Project design, on-site and off-site stormwater detention location resolution and right-of-way determination have taken longer than anticipated. Also the Biological Opinion needed to complete the NEPA review took longer than expected. Additional time is needed to complete right-of-way acquisition and certification, design and construction. Project is 50% complete.								

BACKGROUND - The client has requested an extension to their project completion date. Staff evaluated the request through a staff peer review process.



DATE: June 15, 2016
TO: Public Works Board
FROM: Jill Nordstrom, Drinking Water Program Manager
SUBJECT: Project Completion Extension Requests

STAFF RECOMMENDATION

Staff recommends extending the contract project completion date as follows:

Program	Client	Contract No.	Project	Loan/Grant Amount	Available to Draw	Original Closeout Date	Current Closeout Date	Proposed Closeout Date
DWSRF	Covington Water District	DM12-952-096	222 nd Wellfield Ground Water Quality Protection Enhancement	\$1,111,000	\$415,136.59	8/20/16	8/20/16	8/31/17
Reason for Extension Request: Motor and Pump re-submittals and re-testing caused project delays. These delays considerably lengthened the delivery schedule of the critical electrical components. Four of the six wells on the site will have a new Motor Control Center (MCC), but work cannot start until the pumps and motors are installed. Additional time is needed to complete installation, testing, programming and final acceptance. Project is 45% complete.								
DWSRF	Thurston Co PUD #1	DM12-952-103	Sward/Plat Consolidation	\$165,400	\$133,479.23	9/5/16	9/5/16	3/31/18
Reason for Extension Request: Project delays have occurred due to the need to hire a new engineering firm and the PUD managing multiple concurrent projects. The PUD has a new engineer on board and the Environmental and Cultural Review processes are complete. Additional time is needed to complete construction. Project is 15% complete with project design 98% complete.								

BACKGROUND - The clients have requested extensions to their project completion dates. Staff evaluated the requests through a staff peer review process. DOH has been consulted and agrees with extending the DWSRF projects.

TAB C

Policy & Program Development



DATE: June 30, 2016
TO: Public Works Board
FROM: Cecilia Gardener, Executive Director
SUBJECT: Future of Infrastructure Financing Proposal

The Future of Infrastructure Financing is a group industry professional, supported by the Center for Sustainable Infrastructure – Rhys Roth, Executive Director.

- Stakeholder Associations (AWC, WASAC, WAPUDA, WASWD, AGC)
- Individual Lobbyists
- State Agencies in the infrastructure arena (DOH, DOE, TIB, WSDOT, COMMERCE, PWB,)
- Financing professionals (Bond Attorneys)

They have been meeting for a couple of years, trying to develop a strategy to retain the resources at the State level particularly the Public Works Trust Fund.

Carl Schroeder from Association of Washington Cities (AWC) will be presenting to the Board a straw proposal for the Board to discuss and consider.

The Straw Proposal is included in the following pages.

Renewing the Public Works Trust Fund: Community Infrastructure Investment for the Next 30 Years A New Vision and Straw Proposal for the Public Works Trust Fund 2.0

Quality infrastructure is the lifeblood of Washington's communities, vital to building healthy, prosperous, sustainable, and resilient communities of every size across the state.

Thirty years ago, Washington established the Public Works Trust Fund, creating a national model -- the first revolving loan fund for community infrastructure. It's proven one of the state's great success stories, lending \$2.6 billion dollars to small, mid-size, and larger jurisdictions for infrastructure projects, with no defaults, since its inception.

The Trust Fund today is imperiled. Since 2013, the Legislature has redirected the Fund's accounts to help balance the State General Fund. But going forward, rather than eliminating or crippling a vitally important and successful infrastructure program, **we endorse a vision for refreshing the state infrastructure strategy with a centerpiece of renewing and retooling the PWTF for the next 30 years.**

The Public Works Trust Fund, established in 1985, was a brilliant innovation of enduring value. But 30 years later, it is time to retool the Fund to meet today's very different challenges and opportunities.

Washington communities are grappling with a range of infrastructure challenges, from escalating costs to manage infrastructure aged well beyond design life, to intensifying health, demographic, and environmental stresses, to new regulatory challenges. At the same time, growing shares of people in most communities in Washington are experiencing economic stress that makes utility bills a significant burden.

Infrastructure finance is growing not just urgent but also more difficult. According to a recent survey by the Association of Washington Cities, local elected officials and staff overwhelmingly support the statement, *"Grants are dwindling, debt service on loans is mounting, and red tape associated with funding often makes the funding not worth pursuing."*

PROPOSAL: The Association of Washington Cities has asked the Center for Sustainable Infrastructure to develop a straw proposal and solicit feedback from a broad range of partners and stakeholders on various Trust Fund 2.0 policy concepts, for example:

Support and incentivize a smarter infrastructure investment discipline that delivers more value, multiple benefits, better asset and risk management, and improved cost-effectiveness for every dollar we spend on infrastructure.

Build on the best of the original Public Works Trust Fund, such as ease of paperwork and flexibility. PWTF 2.0 will not impose *unfunded mandates* on local jurisdictions. It will provide local communities that need help with the technical assistance to take advantage of best practices and new innovations in infrastructure planning, design, and investment.

The specific core elements of the straw proposal we'd like you to consider and discuss:

The state needs a coherent and comprehensive local infrastructure investment strategy. This strategy must recognize that different local governments and communities need different types of assistance, while ensuring that each local government has a responsibility to have local “skin in the game.”

Elements of that strategy include:

- 1. Developing core principles for how the state and local governments will partner to provide infrastructure to our joint constituents**, and then reevaluating the state's infrastructure programs in light of those principles. Starting with public works assistance and moving forward into other programs such as centennial clean water, the federal revolving funds, and others. A commission is established to undertake 5-7 year plan to review state infrastructure programs and evaluate their need for reform and refocusing to align with adopted principles. Especially in light of legislative interest in streamlining and minimizing investments in certain areas we need to ensure that sufficient capacity exists across the system.
- 2. Redirecting state infrastructure resources:** The time has come to reevaluate how resources previously associated with the PWTF are deployed. Resources are roughly \$200m per biennium in the short term from loan repayments and \$115m per biennium in revenues set to return in July 2019. We propose a new focus:
 - \$250m per biennium for a smarter PWTF 2.0
 - \$65m per biennium dedicated to the Centennial Clean Water program to provide grant funding for the most important water and sewer projects for financially distressed communities facing great rate burdens.
- 3. Reforming the PWTF: Smaller and more targeted, better ranking, new responsibilities for applicants and different benefits for different communities.**
 - Board would be required to prioritize and rank all projects, with amended criteria to encourage cost effectiveness, long term resilience and multiple benefits.

- **New responsibilities for the applicants** that result in smarter, strategic long-term investment and management best practices.
 - Requirement to undergo **‘Value planning’** at the crucial pre-design project level, where the greatest productivity gains and cost savings can be found. This will ensure that investments are right-sized and all opportunities for efficiencies have been considered. This value planning process is funded with PWTF resources.
 - Applicants for rate-supported utility infrastructure must show that **rates are officially adopted and projected to cover costs over the long term** and that appropriate fiscal management of utilities is in place. The state is supporting but not supplanting local effort.
 - **Sustainable Asset management** best practices must be in place to ensure preservation of state and local investments over the long term.
- **Different Benefits for Different Communities.** We have heard the legislature that they prefer to support small and financially distressed communities. Rather than providing access to the same subsidy for all communities, low interest loans will be provided on a sliding scale and board is given direction to provide preference to smaller communities with limited capacity to assemble complex financing deals.
 - **Smaller communities** and financially distressed utilities that need state assistance to afford substantial infrastructure investments will be the priority focus of PWTF 2.0. In exchange for this assistance they will commit to the best practices detailed above. In addition to accessing the low interest loans under PWTF they will have access to a newly reinforced centennial clean water program and a debt pooling program.
 - **Larger communities** whose economic and real estate activities generate the bulk of tax income will remain eligible for a different set of benefits. Smaller, less generous low-interest loans will still be offered to provide a stable funding source for utility based infrastructure – but those will be pegged much closer to market rate. Non-utility supported infrastructure would see more attractive subsidies in recognition that general fund capacity remains strained across sizes of jurisdictions.
- **Green infrastructure** and watershed restoration strategies that complement the local system’s hard infrastructure assets will be fully eligible for grants and loans under Trust Fund 2.0 when they can demonstrate that they reduce overall system costs, broaden the value of the investment, and help advance solutions to key regulatory drivers. **We need to be flexible enough to fund innovative, outside the box solutions when they achieve real results.**
- **Develop a suite of targeted investments with a small portion of PWTF revenues and loan repayments** to build local capacity for smart, cost-effective, locally-tailored innovation and investment. These could include:
 - **Circuit Riders:** Similar to the Cooperative Extension Service, regionally based Circuit Riders will provide education and technical assistance to infrastructure managers that most need help. Circuit Riders would bring vital, practical,

evidence-based science, technology and management expertise, and financial strategies for pooling or bundling projects.

- **Job training:** offer apprenticeship, technical certification, and other talent pipeline-building programs to prepare and equip the next generation infrastructure workforce in communities across the state.
 - **Innovation grants** would fill gaps where smart, innovative approaches may disqualify a local jurisdiction from a key funding source. These grants would be targeted at local jurisdictions applying new, advanced strategies locally for the first time. Grants would fund feasibility studies on regionalization opportunities or pay the 'risk premium' for projects that implement and test promising new proof-of-concept project approaches.
4. **\$65m per biennium** of revenues previously dedicated to PWTF are directed to provide dedicated funding to the **Centennial Clean Water Program** for grants to low income communities for critical waste-water and other water quality projects. These funds would restore predictability for struggling communities, who in recent years have seen the program lose its dedicated funding source and receive widely varying funding levels. This investment would recognize the legislative desire to focus assistance in the communities that need it most.
5. **A program to enable communities with poor debt ratings to access the private bond market.** Pass Senator Keiser's SB 5624 to develop a new program through the treasury to allow communities access to the private bond market without affecting the state's debt rating.



Drinking Water State Revolving Fund (DWSRF) Transition Committee

Twenty Years of Success

- ❑ For 20 years the three agencies have partnered to deliver the DWSRF program to ensure that all communities were in compliance with the Safe Drinking Water Act.
- ❑ The roles and responsibilities were laid out at the start, and have not changed very much over the years.

DOH	PWB	COMMERCE
Primacy Agency	Financial/Contract	Administrative Support

- ❑ It is time for the program to be fully administered by the Primacy Agency – Department of Health (DOH)
- ❑ Now What...

What's Next...

- ☐ During the 2016 Legislative Session, SB 5251 passed, changing how the program is administered
- ☐ It puts all elements of the program administration back to the primacy agency – DOH
- ☐ It is now time to determine how that will happen
- ☐ The Public Works Board proposed that a Committee be formed to oversee the process of the transition
- ☐ This has been agreed to by all three partners (DOH, PWB, Commerce)
- ☐ The following pages layout a “proposed” structure from staff for the Committee to consider



Starting Point

- ☐ This is an initial meeting where the Committee will start to establish how to move forward.
- ☐ The following are “only” staff ideas of a starting point. This not necessarily how it will evolve.
- ☐ The Committee will need to identify the participants, timelines, work plans.
- ☐ The Committee may choose to start with some of these items in the pages that follow, or, they may start from scratch and do it differently.
- ☐ Project Leads and Subject Matter Experts are here to guide the Committee through the process and provide technical support to achieve the mutual goal.
- ☐ This is the beginning of long journey...There will be ups and downs – but we will succeed!

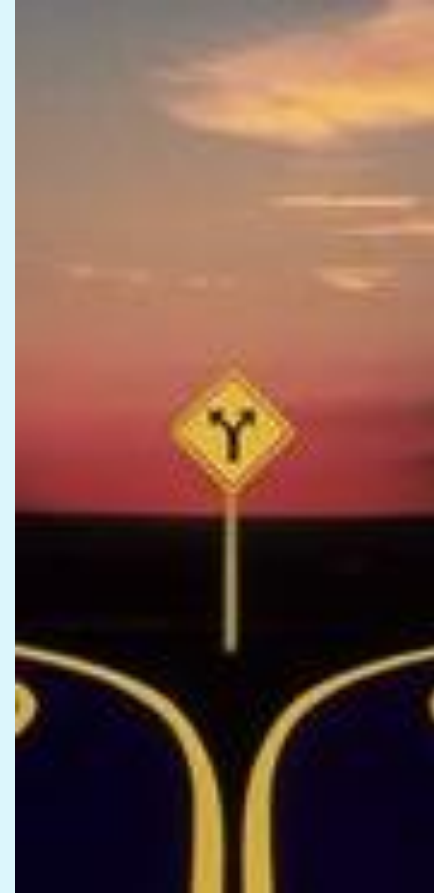
Committee Principles

- ☐ Demonstrate trust to other participants
- ☐ Transparent communication throughout
- ☐ Follow through on any commitments you make or assignments you accept
- ☐ Display professional courtesy during meetings and discussions
- ☐ Consider cost-benefit aspects of our products and actions
- ☐ Keep sensitive information within the group
- ☐ Ask for help if you cannot complete your assignments on time
- ☐ Have fun...



Goal for this Meeting

- ☐ Agree to Structure of Committee Or not, make up new
- ☐ Agree to roles and responsibilities Or not, make up new
- ☐ Agree on how to make decisions – Please (Consensus vs majority)
- ☐ Identify how administrative support for the committee
- ☐ Acknowledge that this is a big undertaking
- ☐ The programs was developed overnight, and it wont be transitioned over night either



Proposed Structure

Below is a proposed structure for the Committee. Names will be identified for the Sponsors and Coordinators by each agency and the Committee. There will be other groups that are formed based on subject.



Transition Committee

- ☐ Proposed Structure of the Committee
 - ☐ Sponsors
 - ☐ Project Leads
 - ☐ Subject Matter Experts
- ☐ Role and Responsibilities of the Committee
 - ☐ Design and carry out all things necessary to transfer the Drinking Water State Revolving Fund (DWSRF) program administration back to the Department of Health
- ☐ Memorandum of Understanding (MOU)
 - ☐ MOU between DOH, Commerce, and Public Works Board
 - ☐ Purpose – Consolidation of loan administration within DOH
 - ☐ Development and completion by December 2016
- ☐ Intervene when decisions are stalled

Transition Committee - Sponsors

- ☐ Sponsors
 - ☐ Oversight of the process
 - ☐ Provide guidance and authorization to the Project Leads
 - ☐ Commit resources necessary for the work
 - ☐ Ensure the correct transition team members are committed to participated
 - ☐ Intervene when decisions are stalled
- ☐ Project Leads
 - ☐ Attends transition meetings and appropriate sub groups
 - ☐ Completes necessary assignments
- ☐ Memorandum of Understanding (MOU)
 - ☐ MOU between DOH, Commerce, and Public Works Board
 - ☐ Purpose – Consolidation of loan administration within DOH
 - ☐ Development and completion by December 2016

Transition Committee – Project Leads

- ☐ Project Leads
 - ☐ Make transition committee meeting and sub-group meetings a priority
 - ☐ Complete all assignments
 - ☐ Provide necessary materials for Committee to make informed decisions
 - ☐ Ensure that all sub-workgroups and subject matter experts are committed and participating
 - ☐ Convene necessary meeting, ensuring that all appropriate persons are involved.
 - ☐ Identify leads for sub-groups
 - ☐ Provide summary notes from meetings to Committee



Transition Committee – Subject Matter Experts (SME)

- ☐ Subject Matter Experts
 - ☐ Provide expertise in defining the project
 - ☐ Participates on sub-groups
 - ☐ Completes necessary assignments
 - ☐ Provide notes from meetings and present material for the Committee to make informed decisions

Example of Possible Sub Groups Structure

This proposed structure could be used for any one of the key subject areas to be addressed



Key Subject Areas to be Addressed

Not all inclusive – May be more or different

This is only a few of the key subject areas that will need to be addressed – a starting point

MOU

- Roles and Responsibilities
- Resources
- Work plan
- Timeline

Communication

- Development of message to clients
- Development of a marketing Plan
- Progress report to clients
- Final Transition to clients

Fund Management

- Money in – Money out
- Projections

Reporting

- NIMS
- Annual Reports

IT

- Development of a grants/loans system
- Billing Capability
- Transfer of Existing Data

Contracts


- New Contracts
- Existing Contracts
- Archived Contracts

Mapping

- Processes
- Policies
- Business Practices

UCC

- Filing for Private recipients



Some Key Subject Areas to be Addressed

Continued

This is only a few of the key subject areas that will need to be addressed – It's a starting point

Utility and Transportation Commission

- Filing for Private recipients

Goal for this Meeting

- ☐ Agree to Structure of Committee Or not, make up new
- ☐ Agree to roles and responsibilities Or not, make up new
- ☐ Agree on how to make decisions - Please
- ☐ Identify how administrative support for the committee
- ☐ Acknowledge that this is a big undertaking
- ☐ The programs was developed overnight, and it wont be transitioned over night either
- ☐ This the beginning of long journey...There will be ups and downs – but we will succeed!





DATE: June 30, 2016
TO: Public Works Board
FROM: Cecilia Gardener, Executive Director
SUBJECT: Governor's Directive on Lead

BACKGROUND

Governor's Directive 16-06: Assisting community and agency responses to lead in water systems

...Recent detections of lead in drinking water systems have raised public awareness of the importance of safe drinking water as a foundational service of water utilities, school water systems, and our public health departments.

...DOH shall prioritize the removal of lead service lines and other lead components in water distribution systems when considering a funding proposal through the Drinking Water State Revolving Fund (DWSRF), which provides low-interest loans to eligible public water systems to address public health concerns. As part of this effort, DOH shall work with stakeholder groups to develop policy and budgetary proposals with a goal of removing all lead service lines and lead components in Group "A" Public Water drinking systems within 15 years. DOH shall work with each Group "A" Public Water system to identify all lead services lines and lead components within two years...

The following pages are the framework that has been developed so far. The organization chart below shows seven distinct subject related groups to work on this effort. We are involved in one of the sub groups, "Federal Assistance for Group "A" Water Systems. Participation is as follows:

Executive Leadership Team: Mark Barkley, Assistant Director, Local Government Division is representing Commerce when Brian is not available

Federal Assistance for Group "A"
Water systems: Bruce Lund, Managing Director, Federal Unit, Local Government Division
Cecilia Gardener, Executive Director, Public Works Board

The first meeting of the Federal Assistance Group "A" Water Systems Sub-Group, will be on Tuesday, July 19, 2016. This effort is on a fast track, and will be making proposals to the Governor for inclusion in the 2017-19 Biennial Budget.


I will provide updates as things move forward.



STATE OF WASHINGTON
Office of the Governor

DIRECTIVE OF THE GOVERNOR
16-06

May 2, 2016

To: Washington State Department of Health and Other Agencies as Needed
From: Governor Jay Inslee 
Subject: Assisting community and agency responses to lead in water systems.

Recent detections of lead in drinking water systems have raised public awareness of the importance of safe drinking water as a foundational service of water utilities, school water systems, and our public health departments.

While everyone in Washington has some exposure to lead ([click here for more information about lead](#)), one common source is our water infrastructure. Fortunately, the State, utilities, schools, and others have resources dedicated to water sampling, testing, repairs, and for necessary health care measures; but, due to the deteriorating nature of our drinking water systems, we need further investments and funding for foundational public health services and infrastructure.

Therefore, I am directing the Department of Health (DOH) to continue to provide technical assistance and guidance regarding voluntary water quality tests that school districts may perform to ensure those tests meet water sample collection protocol standards. The DOH will partner with local officials, utilities, the Office of Superintendent of Public Instruction, schools, and other agencies as necessary, and it will hold workshops for schools to raise water quality awareness and advise how to correctly test and remediate any identified drinking water issues.

I further direct:

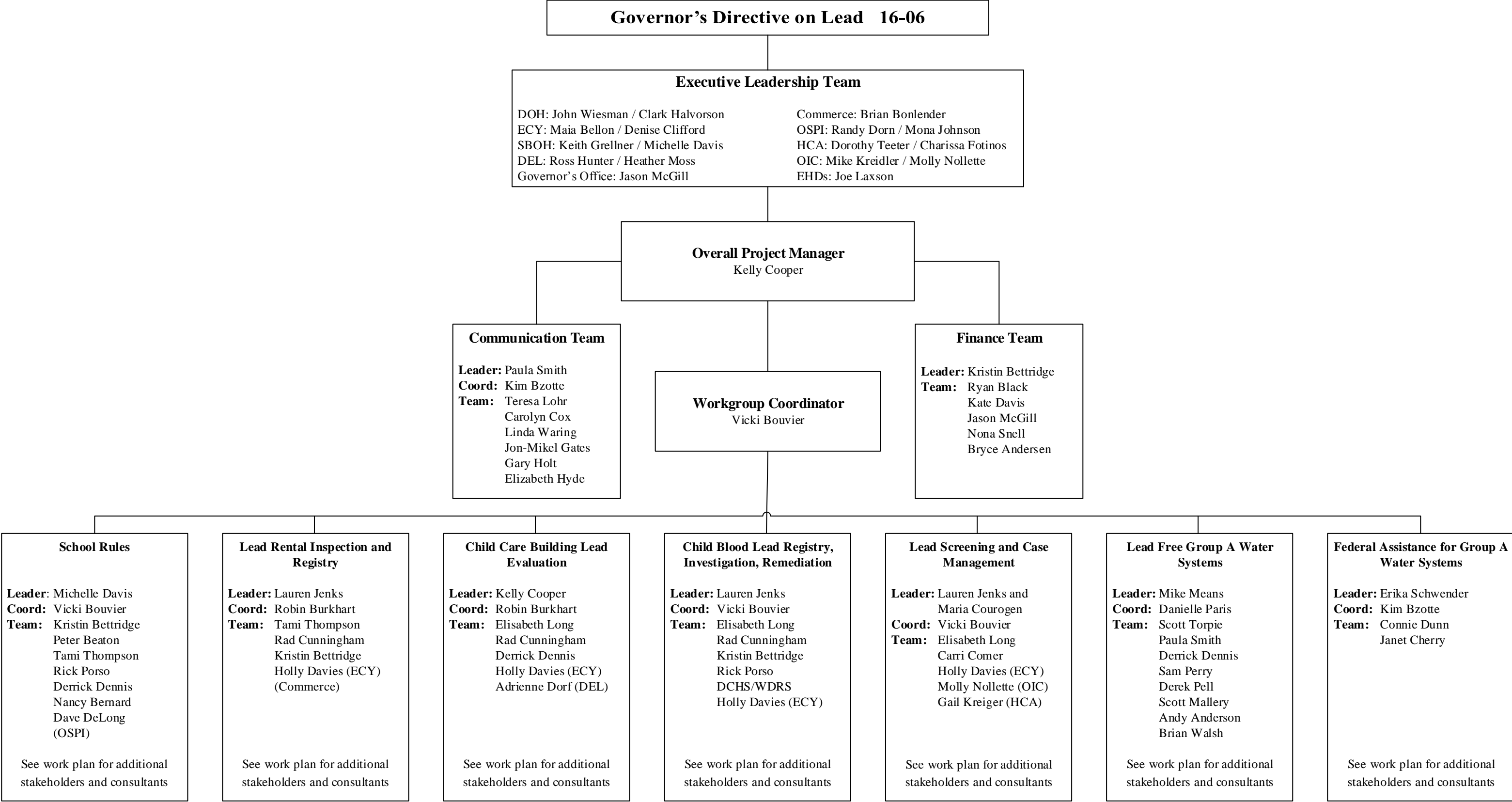
1. DOH, the State Board of Health (BOH) and the Office of Financial Management (OFM) shall review and, if necessary, update WAC 246-366A, known as the "School Rule," which promotes healthy and safe school environments. As part of this review, DOH in coordination with BOH shall prepare a decision package to implement the School Rule, with an emphasis, if necessary, on implementation of the portion of rules related to lead exposure.



2. DOH shall determine the viability and potential policy changes associated with developing a Lead Rental Inspection and Registry Program, to require residential rental properties built before 1978 to register and complete a lead inspection and demonstrate safety at each change of occupancy.
3. The Department of Early Learning, in collaboration with DOH and OFM, shall assess the need for, and viability of, policy changes that would require child care providers located in buildings constructed in whole or in part before 1978 to complete an evaluation for sources of lead exposure including the testing of drinking water.
4. DOH shall work with stakeholders to improve the efficiency of the blood level monitoring system and ensure full implementation of local public health outreach activities to families having children with blood lead levels meeting action levels. DOH shall develop a decision package and explore financing means, as part of a larger foundational public health system improvement package, for consideration next biennium. This should include:
 - transitioning the Child Blood Lead Registry to a fully electronic reporting system, which would be more efficient and effective for lab and clinic reporting; and
 - assessing the funding needs for local public health programs to fully implement lead investigations and remediation work for children who have blood level test results requiring action.
5. DOH shall work with the Health Care Authority to improve lead screening rates among children at the highest risk who are on Medicaid, and provide case management services to children with elevated blood lead levels and their families. DOH shall also work with the Office of the Insurance Commissioner to determine whether private payers provide for lead screening and case management services and whether any further coverage policy change may be necessary.
6. DOH shall prioritize the removal of lead service lines and other lead components in water distribution systems when considering a funding proposal through the Drinking Water State Revolving Fund, which provides low-interest loans to eligible public water systems to address public health concerns. As part of this effort, DOH shall work with stakeholder groups to develop policy and budgetary proposals with a goal of removing all lead service lines and lead components in Group A Public Water drinking systems within 15 years. DOH shall work with each Group A Public Water system to identify all lead service lines and lead components within two years.

7. DOH shall work with the Department of Ecology and the Environmental Protection Agency to seek additional federal assistance on these issues, including but not limited to:
 - Requesting additional funds to assist communities in expediting removal of lead in drinking water systems;
 - Supporting revisions to the Federal Lead and Copper Rule;
 - Considering regulatory requirements for testing in child care settings; and
 - Seeking funding for drinking water distribution line improvement.

DOH shall take necessary action immediately and, by no later than October 2016, report to me potential budget and policy recommendations regarding the various items listed above, while ensuring other affected parties and legislative leadership are also fully informed.





Directive of the Governor 16-06

Community and Agency Responses to Lead

Washington State Board of Health
June 6, 2016

Clark Halvorson, Assistant Secretary, Environmental Public Health

Directive of the Governor 16-06

Workgroups

- School Rule Review and Decision Package
 - ✓ Michelle Davis
- Lead Rental Inspection and Registry
 - ✓ Lauren Jenks
- Childcare Building Lead Evaluation
 - ✓ Kelly Cooper

Directive of the Governor 16-06

Workgroups

- Child Blood Lead Registry, Electronic Reporting, Investigation and Remediation
 - ✓ Lauren Jenks
- Lead Screening and Case Management
 - ✓ Lauren Jenks
- Lead Free Group A Water Systems
 - ✓ Mike Means
- Seeking Federal Assistance
 - ✓ Mike Means

Directive of the Governor 16-06

Next Steps

- Executive Leadership Team – June 17
 - ✓ Department of Commerce
 - ✓ Department of Early Learning
 - ✓ Department of Ecology
 - ✓ Environmental Health Directors
 - ✓ Health Care Authority
 - ✓ State Board of Health
 - ✓ Office of Financial Management
 - ✓ Office of the Insurance Commissioner
 - ✓ Superintendent of Public Instruction
- Workgroups – June 1 to September 1
- Executive Leadership Team Review – September 16
- Report Due to Governor – October 2016

Timeline

The governor has impressed upon us the need to take action immediately, so our schedule for accomplishing the work before us is compressed. The workgroups have been asked to report back to Kelly Cooper and the DOH Executive Leadership Team by September 1, 2016. The DOH Executive Leadership Team will meet again on September 16 to review the seven workgroup recommendations.

The Governor asked us to report to him on budget and policy recommendations by October 2016.

Important Dates

May 2

Date of the Governor's Directive

June 1

Governor's Directive: Kick-off Meeting

June 17

Executive Leadership Team Meeting

Project Manager Update Communication

July 15

Project Manager Update Communication

September 1

Workgroup Recommendations Submission

September 16

Executive Leadership Team Meeting

October 1

Finalize Report to Governor

October 15

Submit Report to Governor

The Governor's Directive on Lead

Introduction

On May 2, 2016, Governor Jay Inslee directed the Department of Health and other agencies to assist community and agency responses to lead in water systems. Because Washingtonians are exposed to lead from many different sources, and because every exposure matters for individual and public health, this directive encompasses multiple pathways of exposure, as well as public health responses once exposure has already occurred.

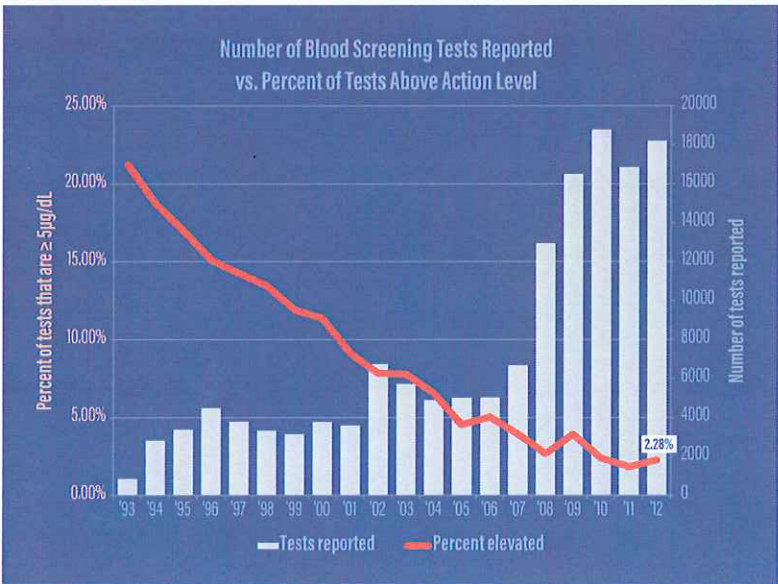
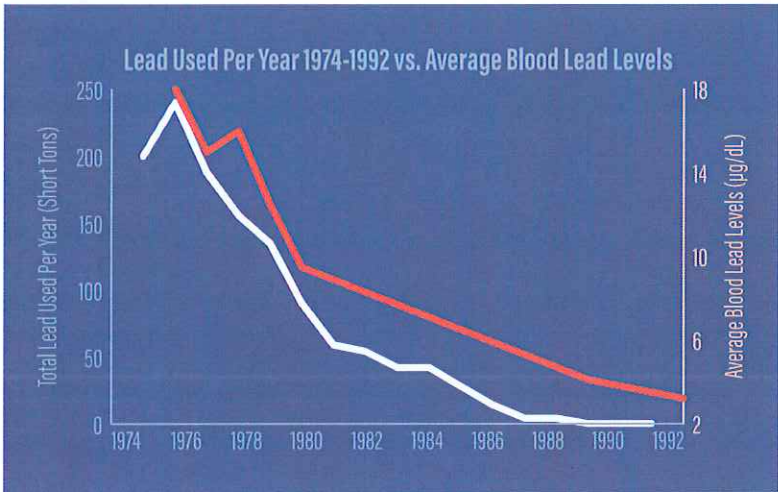
This document serves as an overview of the directive, and a summary of the teams and workgroups that have been convened in response to it.

More than a century of investigation has found *no safe threshold* for lead. Exposure to as little as three granules of lead dust is enough to elevate a child's blood lead level above the action level (5µg/dL).

Everyone has some exposure to lead from the natural environment, but most exposure is from products commonly found at home and at work. In previous years, many people were also exposed through air pollution.

Since banning leaded gasoline and lead house paint, blood lead levels (BLLs) have dropped dramatically. The graphs at right show steady decreases nationally since the 1970s (above, right) and in Washington State since we began tracking blood screenings in the 1990s (below, right).

While our goal is to reduce exposure to lead from all sources, the Governor's directive focuses on two primary sources: drinking water and house paint.



Workgroups

The Governor has directed us to develop a plan to greatly reduce Washington children's risk of lead exposure. Seven workgroups will focus on preventing exposure from common sources and responding to the needs of children and communities that have already been exposed.

Kelly Cooper, the project manager for this initiative, is supported by communication and finance teams from the Department of Health. Vicki Bouvier is coordinating the activities of the workgroups.

Lead Free Group A Water Systems

Concerns about lead in drinking water have raised public awareness about lead exposure. The Department of Health (DOH) will work to help Group A water systems identify all lead service lines and lead components within the next two years, and remove them within the next 15 years.

Leader: Mike Means, DOH

360-236-3178, mike.means@doh.wa.gov

Team: Scott Torpie, Paula Smith, Derrick Dennis, Sam Perry, Derek Pell, Scott Mallery, Andy Anderson, Brian Walsh

Federal Assistance for Group A Water Systems

DOH will work with the U.S. Environmental Protection Agency to secure, prioritize, and distribute funding through the Drinking Water State Revolving Fund for the removal of lead service lines and lead components in drinking water systems.

Leader: Erika Schwender, DOH

360-236-3101, erika.schwender@doh.wa.gov

Team: Connie Dunn, Janet Cherry

Lead Rental Inspection and Registry

Two of the biggest risk factors for children are the living in housing built before 1978 and poverty level. These factors disproportionately affect children living in rental housing. DOH, the Department of Ecology (ECY), and the Department of Commerce (Commerce), will look into requiring residential properties built before 1978 to register, complete a lead inspection, and demonstrate safety at each change of occupancy.

Leader: Lauren Jenks, DOH

360-236-3325, lauren.jenks@doh.wa.gov

Team: Tami Thompson, Rad Cunningham, Kristin Bettridge, Holly Davies (ECY), Tony Hanson (Commerce)

Child Care Building Lead Evaluation

The Department of Early Learning (DEL), DOH, and ECY will look into policy changes that would require child care providers in buildings built before 1978 to complete an evaluation for sources of lead exposure and for remediation.

Leader: Kelly Cooper, DOH

360-236-3012, kelly.cooper@doh.wa.gov

Team: Rad Cunningham, Derrick Dennis, Holly Davies (ECY), Adrienne Dorf (DEL)

School Rule

Tasked with reviewing and updating the School Rule, the State Board of Health (SBOH), local Environmental Health Directors (EHDs), DOH, and the Office of Superintendent of Public Instruction (OSPI) will review the school rule, update the rule if necessary, and prepare a decision

package to implement the School Rule with an emphasis on portions of the rule related to lead.

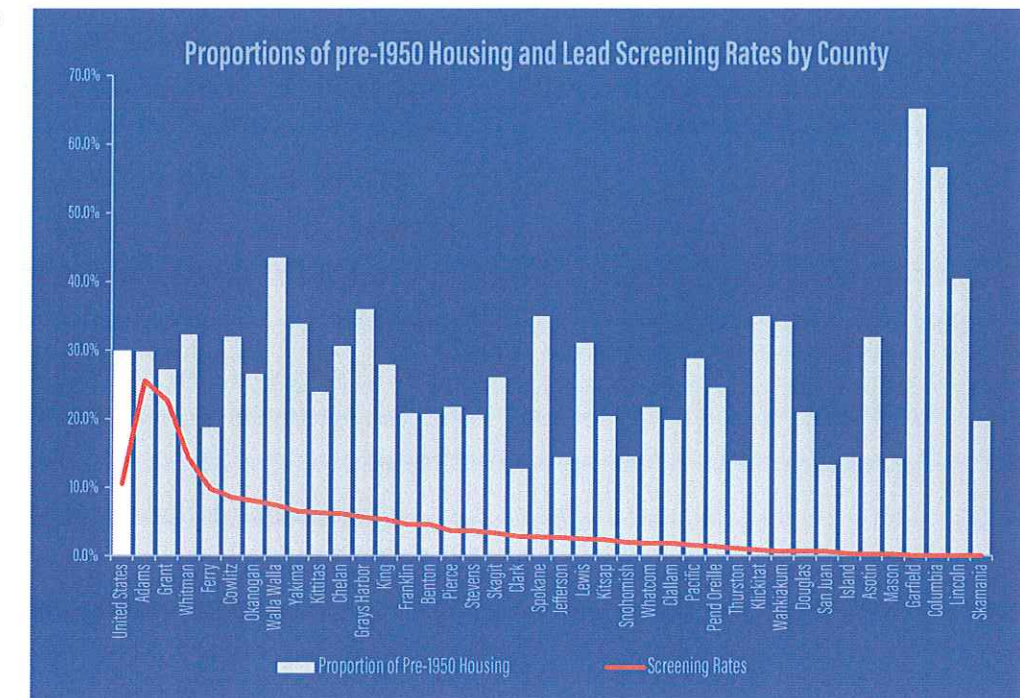
Leader: Michelle Davis, SBOH

360-236-4105, michelle.davis@sboh.wa.gov

Team: Kristin Bettridge, Peter Beaton, Tami Thompson, Rick Porso, Derrick Dennis, Nancy Bernard, Dave DeLong, Nancy Johns (OSPI), Joe Laxson (EHD)

Lead Screening and Case Management

In Washington State, we only screen about 3 percent of children for lead poisoning, compared to a nationwide rate of about 10 percent, and many of our counties with the highest risk have the lowest screening rates. DOH, ECY, the Office of the Insurance Commissioner (OIC), and the Health Care Authority (HCA), will work to improve screening rates among children who are at the highest risk, and provide case management services to children with elevated blood lead levels. They will also determine whether private payers provide for lead screening and case management, and whether it is necessary to change coverage policies.



Leader: Lauren Jenks and Maria Courogen, DOH

360-236-3325, lauren.jenks@doh.wa.gov

360-236-4107, maria.courogen@doh.wa.gov

Team: Elisabeth Long, Carri Comer, Holly Davies (ECY), Molly Nollette (OIC), Gail Kreiger (HCA)

Child Blood Lead Registry, Investigation, Remediation

DOH and ECY will develop a decision and funding package to improve the efficiency of the Child Blood Lead Registry and to fully fund and implement local public health programs investigating and remediating elevated blood lead levels in children.

Leader: Lauren Jenks, DOH

360-236-3325, lauren.jenks@doh.wa.gov

Team: Elisabeth Long, Rad Cunningham, Kristin Bettridge, Rick Porso, Margaret Dennis, Marie Flake, Holly Davies (ECY)

TARGETED INVESTMENTS IN INFRASTRUCTURE THAT “SUPPORTS “ AFFORDABLE HOUSING



How Can Public Works Board Help



What's the Problem?

The State and local governments are grappling with the crisis of homelessness and the availability of affordable housing.

One of the barriers to creating affordable housing units is the investment needed to create or expand capacity in essential infrastructure systems.

Solution...

It's Going to take all of us

Tools that are currently within Commerce



Growth Management Services

- ☐ The first step is to plan.
- ☐ Is it within the UGA?
- ☐ Do you need to rezone?
- ☐ Is there sufficient infrastructure in place?
- ☐ Permitting?



Public Works Board

- ☐ Loans for pre-construction activities.
- ☐ Loans for construction.
- ☐ Targeted investments for projects that support that creation of affordable housing.



Housing Trust Fund

- ☐ Provides grants and loans.
- ☐ Up to 30% of resources dedicated to rural areas .
- ☐ Targeted investments for lowest incomes, persons with special needs, and populations that experience a disproportionate need for housing assistance in relations to the general populations.

How can the Board Help!

The Board has the authority:

- ☐ To issue loans to Local Governments
- ☐ Fund six systems of essential infrastructure
- ☐ RCW 43.155.040(5) Do all acts and things necessary or convenient to carry out the powers expressly granted or implied under this chapter

What would it look like?

The concept currently under development:

- ☐ Based on RCW 43.155.
- ☐ Open application cycles that enable projects to come in on an as needed basis (Board meets 12 times a year).
- ☐ This enables the Board to be responsive to clients with opportunities to invest in project of this nature. This is similar to CERB process, but the focus is on housing rather than jobs.
- ☐ Loans to local governments .
- ☐ Targeted toward projects that have a significant role in the creation of affordable housing units.
- ☐ Six infrastructure systems: Water, Sewer, Storm, Road/Bridge, Solid Waste/Recycling.
- ☐ RCW 43.155.040(5) Do all acts and things necessary or convenient to carry out the powers expressly granted or implied under this chapter.



DATE: June 9, 2016, 2016
TO: Public Works Board
FROM: Cecilia Gardener, Executive Director
SUBJECT: Staff Proposed 2017-19 Biennial Budgets

BACKGROUND:

Each year the Board is required to submit a biennial budget proposal for consideration by the Governor and the Legislature. It is that time again. This memo will cover proposals that will address:

- | | |
|--|--|
| <ul style="list-style-type: none">• Revenues• Operating Proposal• Capital Proposal | <ul style="list-style-type: none">• Policy Proposal• Activities |
|--|--|

STAFF RECOMMENDATION

Staff is requesting Board approval for the following Budget/Policy requests. These include the Board's traditional programs (under the current Proviso requirements) and new initiatives. These initiatives have been reviewed and approved by the Department of Commerce and have been presented by Brian Bonlender to the Governor for consideration. They were received with enthusiasm, but need better definition; Concept papers for each initiative are attached with this memo.

Key items underway:

- Staff will launch the construction funding cycle on or before July 1st as mandated by statute.
- Stakeholder work with the Board to review and solicit input on the new Housing initiatives.
- Decision Package development for all requests.

SUMMARY OF AVAILABLE RESOURCES / DEMANDS ON THE FUND		
Activity	Amount	Comment
Total Available Resources	\$285,000,000	<i>Loan repayments, taxes, and end of year cash balance.</i>
Operating Budget Request	\$10,000,000	Covers all existing and new requests
Capital Budget Request	\$245,600,000	Covers Traditional and New initiatives
Total Requests	\$255,600,000	
Remaining Resources not committed	\$29,400,000	

ANTICIPATED REVENUES FOR 2017-19 BIENNIUM:

Revenues include loan repayments* and 2% of Real Estate Excise Taxes estimated to be received between July 1, 2016, and June 30, 2018.

Resources	Amount	Comment
Anticipated Beginning Balance 7/1/2016	\$11,000,000	There were significant deobligations from the 2015-17 Bien.
Loan Repayments	\$241,000,000	This could be slightly varied depending when clients submit payment.
% REET	\$33,000,000	
Anticipated biennial revenue	\$285,000,000	

**Loan repayments include the initial repayments anticipated from the construction loans and the affordable housing initiative loans.*

OPERATING REQUEST:

The Board receives a separate operating budget from its capital appropriation. The operating budget has been cut significantly over the last several years. In the 2015-17 biennium, the Board lost five FTEs. All of these FTEs were in the Technical Assistance unit. There were enough resources to cover loan and program administration. One of the new initiatives will add technical assistance capacity. There were new recipients of funding from the Public Works Assistance Account (PWAA) last biennium. It is anticipated that these recipients will continue to receive funding from the PWAA in the 2017-19 biennium. The chart below identifies the carryforward, assumed, and proposed operating requests:

OPERATING REQUEST BREAKOUT			
	ACTIVITY	AMOUNT	COMMENT
CARRYFORWARD	Board member expenses	\$120,000	Travel while on Board business (events, board meetings)
	Funding for 7.5 FTEs	\$2,749,550	Salaries, benefits, indirect, travel, and training for 7.5 FTEs dedicated to support the Board.
SUBTOTAL CARRYFORWARD		\$2,869,550	
ASSUMED	Growth Management	\$4,543,450	Salaries, benefits, indirect, travel, and training for staff in the Growth Management unit as well as a small amount for update grants to local governments.
SUBTOTAL ASSUMED		\$4,543,450	
EXPANDED TECHNICAL ASSISTANCE ATTACHMENT 1	FTE for the Small Communities Initiative	\$500,000	PWB dedicated FTE to assist specific communities; the Board will direct their work and activities. Includes \$250,000 for Board approved grants to assist communities
PROPOSED ATTACHMENT 2	Growth Managements – advanced planning grants	\$750,000	Comprehensive affordable housing initiative support through zoning, planning, etc. assistance. <i>Concept paper attached</i>
NEW OPERATING NEED FOR INDIRECT	Indirect coverage – 20% on administrative costs	\$438,341	The agency has adopted a new indirect methodology beginning July 1, 2016. The Board will need additional resources in the 17-19 biennium to meet the anticipated increased indirect costs.
NEW OPERATING NEED FOR INDIRECT RELATED TO ATTACHMENT 3	Indirect coverage-.25% of pass through funds for existing and anticipated capital projects.	\$297,500	The agency has adopted a new indirect methodology beginning July 1, 2016. The Board will need additional resources in the 17-19 biennium to meet the anticipated increased indirect costs.
SUBTOTAL PROPOSED		\$1,985,841	
TOTAL		\$9,398,841	

CAPITAL REQUEST:

The Board traditionally submits a Capital Budget request to fund the construction and non-construction traditional loan programs. The chart below identifies the proposed capital budget requests:

CAPITAL REQUEST BREAKOUT			
	ACTIVITY	AMOUNT	COMMENT
CARRYFORWARD DEMAND	Reappropriated resources for anticipated draws on remaining construction loans.	\$25,000,000	There will be a few 2012 and 2013 construction loans continuing into the next biennium.
RESOURCE FOR NEW LOANS	Traditional Board Loan Programs	\$90,000,000	Construction = \$80,000,000 Pre-Con, and Emergency* = \$10,000,000 <i>*Can be no more than 15% of total appropriation from PWAA.</i>
SUBTOTAL CARRYFORWARD		\$115,000,000	
ASSUMED	State match for the Clean Water and Drinking Water SRFs	\$18,000,000	This is based on 20% of the annual Capitalization Grants DOH and ECY received from the feds.
	Voluntary Stewardship – Conservation Commission	\$7,600,000	Estimated continuation of 15-17 biennial appropriation.
SUBTOTAL ASSUMED		\$25,600,000	
PROPOSED			Second piece in a three-pronged approach to addressing the affordable housing crisis. The loans are:
STAFF RECOMMENDED RELATED TO ATTACHMENT 3	PWB Loans and forgivable principal loans supporting statewide affordable housing investments (construction)	\$100,000,000	<ul style="list-style-type: none"> • Within the Boards current authority, • Dedicated to traditional activities, • Authorized by the Board, and • Targeted to support the affordable housing crisis. Additional work is needed to partner with the Commerce Housing programs and finalize the proposal.
SEED RESOURCES FOR SB 5624	Provide seed money to the “Bond Program” (SB 5624)	\$5,000,000	Anticipate an initial investment in the SB 5624 bond proposal that has been under consideration for two sessions.
ATTACHMENT 4			
SUBTOTAL PROPOSED		\$105,000,000	
TOTAL		\$245,600,000	

POLICY PROPOSALS:

1. Development of a taxing authority proposal to assist local governments – Stan Finkelstein will draft a proposal for Board consideration and stakeholder work to be followed with input from the Governor’s office and legislators.
2. Work closely with Senator Keiser and the Office of the Treasurer to review and perfect SB 5624 (Bond Pooling Bill).

Department of Commerce – Concept Paper

Title: PWB/Small Community Assistance Enhancements
Division: Local Government Division
Date: 5/23/2016
Contact: Bruce Lund, Managing Director, 725-3163

Summary

Infrastructure at the end of their life cycles—small communities not able to adequately respond

Small, rural communities suffer from lack of financial, technical and staff resources to plan, construct, operate, and maintain complex infrastructure systems needed to maintain quality of place and quality of life. The Small Communities Initiative (SCI), a technical assistance program housed at Commerce is funded through a three-state agency partnership that provides comprehensive assistance to low capacity communities carrying out high cost, complex capital improvements to water and wastewater systems. This proposal adds the Public Works Board as a fourth partner to the funding network and establishes the Community Impact Fund. The new partnership and additional funding will provide increased SCI services to communities in need. Enhancing the SCI program will strengthen communities by adding additional resources that provide a combination of longer term, hands on, capacity building assistance, and targeted, short-term financial support to overcome specific barriers to completing a project.

Problem (under 500 words)

Disinvestment by Federal and state governments

Federal and state infrastructure funding has seen significant decreases over the past several years. While no comprehensive study exists to quantify the problem, need dramatically outpaces supply. Initial results from a study commissioned by the Infrastructure Assistance Coordinating Council indicates that over the past 11 years, its member agencies have invested \$7.2 billion dollars into Washington communities, and received requests of \$9.7 billion. This is not a complete figure, as it excludes agencies who have not reported at this point. On a national level, recent studies indicate that a significant economic impact is occurring. A recent study by the American Society for Civil Engineers found that outdated, deteriorated infrastructure in the United States costs every family \$3,400 per year.

Updating or replacing aged infrastructure not attainable for disadvantaged communities

Washington State has 163 incorporated communities with a population of under 6,000 people. That total dramatically rises to 963 communities when you include unincorporated communities and tribes (city-data.com). Most people take for granted safe drinking water, wastewater facilities that treat raw sewage, roads in good condition, and other local infrastructure. Unfortunately, this ideal is increasingly difficult to maintain for many of our state's small communities. As the cost to meet increased water quality standards and to replace or rebuild outdated infrastructure increases an entity can find that the ability to pay for these improvements is out of reach of their community. Huge construction costs to replace these systems, relative to the number of users in the service area, again create an affordability issue. SCI is currently working with a community of 1,000 people and the cost of replacing their wastewater treatment plant is estimated at \$13 million.

Capacity issues negate the ability to take full advantage of available resources

Even if the financing system had adequate resources to adequately fund local infrastructure needs, small communities often do not have trained staff capable of conceiving and carrying out a complex infrastructure project.

Often the who do the work of coordinating local projects is carried out by volunteers and elected officials. Many of the volunteers and policymakers are not professionally trained in public works and project management. This then can cause communities to make choices that may not be best for the citizenry, derail a project before it even begins, or introduce components of the project that may increase unneeded cost or complexity.

Few options for lower capacity communities to get help

The combination of these issues surrounding infrastructure financing leaves some communities with few options to acquire financing and develop capacity for sustainable infrastructure systems. SCI is a small two-person program that assists communities to take advantage of available resources and builds capacity for undertaking needed infrastructure projects. There is so much more need than the amount of assistance SCI is able to provide as at any one time the program can only assist a maximum of 25 communities at one time.

Proposal (100 words or less)

The problems described above facing small communities necessitate the need for longer term, comprehensive technical assistance approaches. SCI provides technical assistance to small, rural communities that often lack the capacity to rebuild infrastructure effectively. Through technical advice and facilitation, the program assists local elected officials and staff to develop infrastructure projects, make strategic investments, identify and access appropriate fund sources. With the Public Works Board authorizing projects for SCI assistance, up to 15 additional local jurisdictions per biennium can be assisted to undertake high priority capital projects.

By offering a flexible, highly targeted grant fund to assist communities to resolve specific program barriers or assist communities to qualify for available funding, SCI, through the Public Works Board, will be able to assist an additional 25 communities through grants over the biennium.

Cost estimate (if there is narrative limit is 100 words)

Line item	FY18 Estimate	FY19 Estimate	Total
1 FTE-COM 3	125,000	125,000	250,000
Community Impact Fund	125,000	125,000	250,000
Total	250,000	250,000	500,000

Fund Source: 058 Public Works Assistance Account

Stakeholder impact (200 words or less)

The concept of increasing SCI services is supported by the Association of Washington Cities. SCI's primary client base is small communities with a population of less than 5,000. SCI annual work program is overseen by a multi-agency steering committee comprised of managers and staff from the Departments of Commerce, Health and Ecology, and the USDA Rural Development. The concept of enhancing SCI services combined with a small, flexible grant fund has also been endorsed by the SCI Steering Committee.

Efficiencies or returns on investment (300 words or less)

SCI has a proven track record assisting communities and state agencies to move forward on projects with low capacity communities. This includes:

- Maximizing the use of state and federal funds through developing coordinated funding strategies;
- More effective coordination of resolving regulatory and other issues that prevent projects from moving

forward;

- Better up front planning results in reduced project costs by ensuring the project is properly scoped, planned;
- On-the-ground environmental protection, public health and safety results,
- Ensuring that value for money (assessing life cycle costs), asset management, and other best practices are used in the project development phase.

How does this strengthen communities? (300 words or less)

The SCI program has been strengthening communities for 17 years achieving remarkable success for the communities they work with. In the long term, communities working with SCI staff have:

- Articulated and prioritized community goals, with a plan for how to move forward.
- Improved relationships with regulators and increased access to financing.
- Developed a better understanding of their drinking water and/or wastewater system, and their responsibility to manage the system(s) in a sustainable manner.
- Established a better understanding of what is required by regulators and how they can comply, resulting in more communities in compliance with environmental and public health regulations.

The Community Impact Fund will provide a resource for communities to develop strategies to resolve project barriers, undertake training and education to better manage and operate infrastructure systems for a sustainable future, prioritize needs, and determine ways a community can meet finance requirements and become eligible for funding.

Department of Commerce – Concept Paper

Title: GMA Affordable Housing Grants for Local Governments
Division: Local Government Division
Date: 5/25/2016
Contact: Ike Nwankwo

Summary

Commerce requests \$750,000 to fund a competitive grant program to implement Affordable Housing using one or more of these available tools:

1. Affordable Housing Incentives (RCW 36.70A.540);
2. Accessory Dwelling Units (ADUs); and/or
3. Planning & Environmental Review Fund (PERF).

Problem (under 500 words)

Many communities in Washington State are experiencing a shortage of affordable housing. The lack of affordable housing is impacting a growing number of low- and moderate-income residents, and this growing problem requires innovative financial incentives and land use tools to solve.

Housing is critical to the well-being of all Washington State citizens. Thriving communities must provide jobs for people to earn a good living, places to recreate, and choices that allow people to live safely and securely within their financial means. For cities and counties to sustain economic vitality and a good quality of life for all of its citizens, housing must be provided that meets the needs of the residents and workforce. Most recently, growth pressures, rapidly rising housing costs, slower rising incomes, and the loss of jobs have exacerbated housing affordability problems for local governments, especially in metropolitan centers where a sizeable segment of the population are homeless. Affordable housing is a goal under the Growth Management Act as stated at RCW 36.70A.020 (4) but this goal is becoming more and more difficult to achieve by many local governments.

Rising housing costs and rents leave few options for low- and moderate- income households to live near their places of work. Many people endure long

Daily commutes to work, further stressing the fixed budgets of lower-income households. More time

Commuting to and from work leaves less time for family life. A lack of public transit

In some parts of the state necessitates that many commuters must drive a car. A longer commute means more income is spent on gasoline and car maintenance, and as petroleum prices

Rise, these costs will most likely increase. Longer commutes also mean more traffic problems and increased air pollution. Without taking care of this problem now, the housing situation for much of the workforce, seniors, and lower-income families will worsen.

Potential tools under GMA include:

1. Affordable Housing Incentives (RCW 36.70A.540):

Under the GMA, the legislature encourages counties and cities to enact or expand affordable housing

incentive programs, including density bonuses and other incentives, to increase the availability of low-income housing for renter and owner occupancy in largely market-rate housing developments throughout the community, consistent with local needs and adopted comprehensive plans.

2. Accessory Dwelling Units (ADUs):

An accessory Dwelling Unit (ADU) is a habitable living unit that provides the basic requirements of shelter, heating, cooking, and sanitation. These ADUs, sometimes called "mother-in-law apartments," have all the basic facilities needed for day-to-day living independent of the main home, and can provide low-cost rental housing for today's smaller households.

3. Planning & Environmental Review Fund (PERF):

PERF funding supports upfront integration of environmental analysis with comprehensive planning and development regulations. When project-level environmental analysis has been completed, development proposals consistent with the plan need not conduct additional site-specific environmental analysis to determine mitigation responsibilities. PERF can enhance a community's ability to attract redevelopment to sites burdened by complex regulatory problems or sites requiring advanced mitigation.

Proposal (100 words or less)

A competitive grant program for local government to address affordable housing through available GMA tools, which may include:

Affordable Housing Incentives (RCW 36.70A.540):

Funding to help jurisdictions develop and adopt effective affordable housing incentives will help address this serious affordable housing shortage.

Accessory Dwelling Units (ADU):

Funding to assist local governments with developing ADU ordinances will help address housing affordability for a segment of the low and moderate income residents.

Planning & Environmental Review Fund (PERF):

Enhancing a community's ability to attract redevelopment to sites burdened by complex regulatory problems or sites requiring advanced mitigation.

Cost estimate (if there is narrative limit is 100 words)

Line item	FY18 Estimate	FY19 Estimate	Total
Affordable Housing Grant	375,000	375,000	750,000
Total	375,000	375,000	750,000

Fund Source: 058

Stakeholder impact (200 words or less)

The impact on stakeholders is expected to be positive as in previous cases. These programs, especially PERF, have been well received by the Association of Washington Cities (AWC), business associations, realtors, and the development community. Housing advocates also strongly support these programs.

Efficiencies or returns on investment (300 words or less)

Efficiencies or returns from this proposal include helping jurisdictions better comply with the GMA housing goal. Without the affordability component of this program, the housing market would mostly follow market trends and produce market rate housing. Additionally, cities and counties benefit from these grants. They provide financial relief to accomplish a state mandate and in this case provide much needed affordable housing. This program is complementary to other agency strategies to provide affordable housing. Once implemented, these tools rely primarily on the private market for actual housing production, so the cost per unit is far lower than direct construction of affordable housing.

How does this strengthen communities? (300 words or less)

Creating more incentives and tools for local governments to address affordable housing will help to reduce homelessness, improve the lives of low- and middle-income labors who work in these communities, yet are unable to afford to live there, including city employees, teachers, nurses, and police officers. Additionally, the successful use of these tools that result in more housing and household variety could make the community more attractive for some businesses to locate. This could help the city generate more taxes and revenue, and increase local preparedness for future economic development.

Department of Commerce – Concept Paper

Title: Leveraging PWAA to Maximize Affordable Housing Initiative
Division: LGD
Date: 6/6/16
Contact: Cecilia Gardener

Summary

Use the Public Works Assistance Account for public infrastructure related costs of building or improving residences to help ameliorate the affordable housing shortage occurring throughout Washington.

Problem (under 500 words)

Affordable housing is scarce in the metropolitan regions of Washington state. Vancouver area vacancy rate is between 2.4 and 3.5%. King County vacancy rates hover around 2%; Spokane and the Tri-Cities area are also experiencing affordable housing shortages. The average rent in Seattle is \$1600 per month for a one bedroom apartment while the cost of a typical single-family home in April 2016 was more than \$630,000. These prices reflect a 10.8% growth between March 2015 and March 2016 (S & P/Case-Shiller Home Price Indices). Working 40 hours a week for a \$15/hour minimum wage equals a gross income of \$31,200 per year. \$1600 in rent expense would be 62% of a minimum wage worker's gross annual income.

The Housing Trust Fund (HTF) was established to assist low and very-low income citizens in meeting their basic housing needs. HTF can fund every aspect of a project that meets their mission. However, the costs of these projects escalate due to fluctuations in land prices, labor markets, and demand.

These projects, at times, may include upgrades to publically owned infrastructure necessary to create safe, livable areas, such as upgrades to wastewater treatment plants, improvements to streets, sidewalks, and lighting, increased water transmission mains, stormwater management, and site acquisition.

The Public Works Assistance Account (PWAA) was established to provide affordable infrastructure financing for local governments. This includes all aspects of publically owned infrastructure repair, replacement, initial construction, as well as energy, water, and transportation usage efficiencies.

Utilizing PWAA funding for the publically owned infrastructure construction elements of HTF affordable housing projects enables HTF funding to be used more efficiently for direct investment in the construction and rehabilitation of privately owned housing stock purchased by nonprofit public development authorities and public housing authorities.

Proposal (100 words or less)

Invest PWAA funding to improve and/or extend publically owned infrastructure elements necessary to maximize the HTF investment in affordable housing projects [specifically addressing 43.185.070(5)(a)(b)(d) (f)(m)and(n)RCW]

Cost estimate (if there is narrative limit is 100 words)

Line item	FY18 Estimate	FY19 Estimate	Total
Fund 058	\$50,000,000	\$50,000,000	\$100,000,000
Total	\$50,000,000	\$50,000,000	\$100,000,000

Fund Source:058**Stakeholder impact (200 words or less)**

Association of Washington Cities has both infrastructure and housing as legislative priorities. This proposal dovetails to help achieve both of those priorities. (<http://www.awcnet.org/Advocacy/Citylegislativepriorities.aspx>)

Washington State Association of Counties has infrastructure funding for water projects (drinking water, stormwater, flood control, etc.) and public health funding as legislative priorities. This proposal directly supports the water project priority and supporting affordable housing is one aspect towards helping support ongoing public health efforts. http://wsac.org/wp-content/uploads/2016/04/2016_Legislative_Agenda.pdf

Washington Association of Sewer and Water Districts has sustainable and resilient infrastructure as a keystone for its members. This proposal supports that by providing infrastructure funding that maximizes the use of our public water and sewer systems.

Washington Public Utility Districts Association has infrastructure funding for basic infrastructure projects as well as clean energy goals as part of its public policy position. This proposal supports strategic infrastructure investment as well as clean energy goals by supporting housing in urban locations, thus cutting down on commuting needs. <http://www.wpuda.org/pud-issues-and-information>

This proposal supports the goals of public and not-for-profit housing organizations by enabling their limited funds to go farther through the use of PWAA funds for the publically owned infrastructure portion of projects.

Efficiencies or returns on investment (300 words or less)

Efficiencies are created when funds that can be used for specific purposes (e.g., infrastructure, housing, etc.) are targeted in larger projects in order to maximize the use of all funds. This proposal allows for HTF dollars to be more directly invested in repair and construction of housing while PWAA dollars are used to increase the local governments' infrastructure necessary to support a livable, affordable community.

How does this strengthen communities? (300 words or less)

Affordable housing is comprised of more than cheap rent. It includes reasonable commute times, access to public transportation, a livable neighborhood, and reasonable utility rates. Expensive utility rates and/or challenging pedestrian access can make reasonable housing rates unattainable despite actual rent prices being reasonable. This proposal supports the creation affordable neighborhood development by strategically investing in publically owned infrastructure with PWAA funds in order to enable HTF to be directly invested in rehabilitating and construction new affordable housing stock. Instead of using HTF monies to improve streets, sidewalks, and water/sewer mains in order to increase the population to be served, those monies will be used directly on housing creation. PWAA monies will be used to increase the livability of the investment area through infrastructure improvements.



DATE: June 30, 2016
TO: Public Works Board
FROM: Ann Campbell, Programs Manager
SUBJECT: Development of a ranked recommended loan list

PROGRESS TO DATE:

The Application cycle has been launched!

1. Call for projects notification went out on June 24th

- a. Sent to all Association for posting and distribution
- b. Went out to GovDelivery Mailing list
- c. Posted to Web
- d. Posted to Facebook
- e. Included in newsletter

2. All applications material have been posted to the Web and are available to download

- a. Applications are due on August 18, 2016
- b. Ranked list will be presented to the Board at the October business meeting

3. Webinars are scheduled

- a. Notification of Webinars will be included in all elements of notification process including registration
 - i. July 12, 2016 10:00 a.m. – Construction Application Fundamentals
 - ii. July 27, 2016 – Water/Sewer Application limitation
 - iii. August 11, 2016 – FAQ's

4. Technical assistance efforts

- a. All staff are available to man the phones for questions
- b. All staff are available to do one on one assistance on site if needed
- c. Partnering with Growth Management Services Regional Planners Forums to be do brief presentation, and available to answer any questions

TAB E

Information & Other Items



Washington's Infrastructure *Update*

Follow us on the [Web](#), [Facebook](#), and [Twitter](#)

Issue: July 1, 2016

Executive Director Update

- **CALL FOR PROJECTS –** Nearly \$100 million is available for construction projects. Applications will be available starting July 1, 2016. Contact your Program Specialist with questions. [Read More...](#)
- Budget Development Season has arrived! The Board and staff are in the throes of developing biennial budget packages for consideration.
- Currently there are several initiatives under development that will assist local governments with their infrastructure needs. They will be finalized at the upcoming **Board Policy Retreat, September 8-9, 2016.**
- There is no denying that the upcoming Legislative Session will be tough. The Governor and the Legislature have a big lift with the McCleary decision still to be addressed - \$3.5 billion at the last estimate. This puts pressure throughout state government. Limited resources will be targeted to only the most critical issues.

The Public Works Trust Fund Needs Your Help!

Please submit your application for funding, to demonstrate to the legislature that State infrastructure financing is essential. There is a potential for nearly \$100 million in construction loans available. If we are unable to show the need for these resources, they could be re-directed to other state priorities. New, easier applications are available July 1 on our website: pwb.wa.gov



[Read More...](#)

The Governor's Veto Doesn't Save the PWAA

There is a belief out there that the Governor's veto of Section 935 of the supplemental budget saved the Public Works Assistance Account (PWAA). All the veto really did was to push the budget discussion of what to do with the \$200 million plus of loan repayments into the 2017-2019 biennial budget deliberations starting in January of 2017.

[Read More...](#)

Highlights from May Regional Training Events

During May, Public Works Board staff, along with other state and federal agency partners, provided two Regional Training events to local governments. The first was on May 3-4 in Colville, the second was on May 24-25 in Ritzville.

[Read More...](#)

Project Highlight: Oak Harbor



Installation of a pair of 42-inch storm drain outfalls into Oak Harbor Bay.

On August 26, 2010, the Public Works Board awarded a \$1.6 million loan to the City of Oak Harbor for the completion of a 42-inch Outfall Reconstruction Project, to replace an existing 40 year old storm drain outfall pipe that was structurally and functionally failing. The original outfall, built in the 1950's, became clogged with sand and gravel from

wave action, requiring maintenance in hazardous conditions.

[Read More...](#)

Board Member Receives Award

Public Works Board Member Jerry Cummins, in his role as Councilmember for the City of Walla Walla received the 2016 Advocacy All-Star Award from the Association of Washington Cities for the second year in a row. *"In recognition of your active and ongoing engagement with area legislators and local media on issues of importance to cities."*

[Read More...](#)

The Governor's Veto Doesn't Save the Public Works Assistance Account

June 27, 2016

By Scott Hutsell

Lincoln County Commissioner, District 2

Public Works Board Member

There is a belief out there that the Governor's veto of Section 935 of the supplemental budget saved the Public Works Assistance Account (PWAA). All the veto really did was to push the budget discussion of what to do with the \$200 million plus of loan repayments into the 2017-2019 biennial budget deliberations starting in January of 2017.

The redirection of the loan repayments to K-12 education will not solve the legislature's problem with fully funding the McCleary obligation. Long term sustainable solutions are what is needed from the legislature. not fund shifts and sweeps. The question becomes what will they do when all the dedicated funds are gone?

Low cost, user-friendly infrastructure financing along with technical assistance has been the backbone of the PWAA. It has been used to keep utility rates affordable for the citizens of our state. Over the last 30 years, the difference between loans from the PWAA and what municipalities and special purpose districts would have paid if they would have had to access the bond market is estimated to be between \$50 and \$100 million dollars – real savings to the rate payers of Washington State.

The Public Works Board and staff are putting together a package to present to the Governor for the 2017-2019 Legislative session. It will include traditional funding, preconstruction dollars, emergency funding and infrastructure loans in support of affordable housing.

It's time that the legislature put the importance of low cost – user friendly infrastructure financing back in their priorities for moving Washington State forward into the future.



Washington State Public Works Board

1011 Plum Street SE
Olympia, Washington 98504-8319
www.pwb.wa.gov

Regional Training Events – Reaching the Rural Communities

During the month of May, Public Works Board staff in conjunction with Department of Health, Department of Ecology, USDA Rural Development, Rural Community Assistance Corp (RCAC), Transportation Improvement Board (TIB), Association of Washington Cities (AWC), AWC Risk Management Service Agency, Department of Commerce, Small Communities Initiative Program, and Evergreen Rural of Washington (ERWOW) held two separate two day training/tech team events. Our training material covered project planning and cost effectiveness, asset management, and rate setting. All three of these topics were gratefully received by our participants. Matthew Johnson, Council member from Tieton shared, *“I wanted context from the training and that is what I got. I was not sure what to expect, but was very satisfied.”* Perry and Sheila Pearman from Sacheen Lake W&S District jointly agreed, *“This training was well worth it. It was very informative. The training sessions all flowed together.”* Ray King, City Administrator from Newport stated, *“Phenomenal training, well worth the time.”*



Asset Management Session at the Colville Regional Training Event on May 3, 2016.

Fourteen of our participants received Operator Continuing Education Credits for attending the trainings.



City of George Tech Team at the Ritzville Regional Training Event on May 24, 2016.

Six communities received technical assistance as a result of scheduling Tech Team Meetings with both state and federal funding representatives.

All of our partners and training attendees appreciated seeing the Public Works Board members attending these events. It provided a great feeling of support. The Public Works Board members approved similar future training events based on our positive survey results. A common response from the survey remarks showed that individuals would like to see these trainings occur on an annual basis, with the possibility of future topics such as: Assistance with applying for grant/loan funding, Public Private Partnership case studies, GIS training, and

a continuing course on Asset Management once they have started the process. When asked which trainings they would apply at their workplace, many responded that all topics provided were beneficial to their town!



Island County City of Oak Harbor 42-Inch Outfall Reconstruction Project

PC12-951-048

Project Description

CITY OF OAK HARBOR — On August 26, 2010, the Public Works Board awarded a \$1.6 million loan to the City of Oak Harbor for the completion of the 42-Inch Outfall Reconstruction Project.

This project was funded for the removal and replacement of an existing 40 year old corroded 42-inch diameter storm drain outfall pipe that was



Installation of a pair of 42-inch storm drain outfalls into Oak Harbor Bay.

structurally and functionally failing. The original outfall, built in the 1950s, became clogged with sand and gravel from wave action, requiring maintenance in hazardous conditions. The outfall has since been replaced and is functioning properly.

Community Benefit

This project reduces public exposure to contaminated storm water, ensures flood prevention as well as lessening the impacts to the beach environment. It also results in lower maintenance costs for the City.

Supporting Funds

Due to the City's prudent fiscal management of this project, it was completed using only \$985,500 of the Public Works Assistance Account Loan in combination with approximately \$190,000 of local resources.

Foundation of Infrastructure

Infrastructure is the foundation upon which a state's health, safety and economy are built. The Public Works Board provides financial and technical assistance to Washington's communities for critical public health, safety and environmental infrastructure that support community and economic development. The Board invests in the maintenance of current systems and development of new advanced sustainable systems while addressing future challenges.



[Data & Resources](#) » [Resources by topic](#) » [City awards](#) » [Advocacy All-Star Awards](#)

City Awards

Congratulations 2016 Advocacy All-Star Award winners!

AWC created the Advocacy All-Star Award in 2015 to recognize and celebrate the actions of city elected officials who consistently advocate for all of Washington's 281 cities and towns. City officials nominated for the award conducted advocacy efforts throughout 2015 and during 2016 legislative session.

Advocacy efforts performed by All-Stars included numerous trips to Olympia to testify, coalitions formed to help mobilize a city cause, contact with local media, and campaigns spearheaded to educate area legislators and the public about the importance of a strong city-state partnership.

Curious about how you can become an All-Star? See tips from our [Strong Cities Pocket Guide](#).

We extend our thanks and congratulations to the following award winners.

Mayor David Baker, Kenmore

In appreciation of his ongoing engagement with area legislators on city issues at both the state and federal levels, and his presence on the ground in Olympia and Washington D.C. when it counts.

Mayor Jill Boudreau, Mount Vernon

In appreciation of her efforts at home and in Olympia to promote changes to public records laws in ways that ensure access, while limiting undue burdens on cities.

Mayor Kelli Linville, Bellingham

In appreciation of her help in creating and sustaining a joint city/county/port legislative strategy in her community and for helping spearhead constructive and creative approaches to housing low income and homeless people in Bellingham.

Mayor Becky Erickson, Poulsbo

In recognition of her steadfast efforts to pass legislation that helps protect the public and law enforcement when using body-worn camera technology.

Mayor Glenn Johnson, Pullman

In recognition of his steadfast efforts to pass legislation that helps protect the public and law enforcement when using body-worn camera technology.

Councilmember Jerry Cummins, Walla Walla

In recognition of your active and ongoing engagement with area legislators and local media on issues of importance to cities, for the second year running.

Sound Cities Association represented by SCA President, Mayor Nancy Backus, Auburn

In recognition of your proactive efforts to promote and work to solve a range of city issues at the state, federal, and regional levels.

See the press release [here](#).

[Past award winners](#)



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